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COMPANY UNIONS VS. TRADE UNIONS

One of the most significant recent developments in the labor organization field has been the multiplication of what are variously called shop committees, works councils, or company unions. First established in this country by the government labor boards to meet the emergency, shop committees might well have been expected to come and die after the boards creating them had been dissolved. Many of course did so, but many more new committees have been organized. According to the survey of the National Industrial Conference Board, the number of company unions or "works councils" in the United States increased from two hundred and twenty-five in August, 1918, to seven hundred and twenty-five in February, 1922. This was in spite of the disappearance of fully one hundred of the councils which were in existence when the war ended. To appreciate fully the significance of this development we must contrast it with the course of trade unionism in the same period. During the two years 1920 to 1922 the affiliated membership of the American Federation of Labor decreased by more than 800,000 or over twenty per cent.

It is my purpose to consider the advantages and disadvantages of these two types of labor organizations, company unions and trade unions, from the viewpoint of the public interest, the interest of the employees and the interest of employers. Our experience with company unions is so recent that any discussion of them must be in part speculative. To make my treatment as definite as the nature of the problem permits, I shall limit myself to this issue in relation to public utility industries. Conclusions reached in this narrow field will admittedly be inapplicable or only partly applicable to competitive industries. At this stage of our progress intensive analysis should be more

Presidential address delivered at the Thirty-fifth Annual Meeting of the American Economic Association held in Chicago, December 27, 1922.

"Works Councils" is merely another name for company unions, since they are a form of industrial organization in which the employees of an enterprise are represented through representatives chosen by and from among themselves for the adjustment of employment conditions in that enterprise. *See Report of the National Industrial Conference Board, 1922, pp. 10-11.*

than the formulation of far-reaching, which too often prove to be only far-fetched, conclusions.

Public service industries may, for the purpose of this discussion, be defined as industries whose continuous operation is vital to the public interest. Such for illustration are local public utilities, as street railways and steam railroads.

Because the continuous operation of these industries is of vital public concern we are beginning to develop a special public policy toward them designed to insure uninterrupted service. This has been the objective of our gradually unfolding railroad labor policy. In order to judge which form of labor organization is best adapted to such industries, we must consider the direction in which this policy is carrying us and its probable consequences.

It took Congress many years to realize that special measures to insure the continuous operation of the railroads were needed. When convinced that something should be done, its first thought, registered in the Erdman act of 1898, was that mediation, conciliation and voluntary arbitration would suffice to prevent railroad strikes, and for a time they did suffice. The Newlands act of 1913 attempted to save a situation that was becoming admittedly more and more precarious by providing more elaborate machinery for mediation, conciliation, and arbitration. Experience soon demonstrated that something more than a change of machinery was needed. The Adamson act of 1916 introduced, by a method and in a form that have been generally condemned since, the principle that certain basic standards in the railroad industry—in this instance, the standard work day—should be determined by law. The Transportation act of 1920 further developed this principle by prescribing that the wages and working conditions to be established by the Railroad Labor Board, which it created, should be just and reasonable as tested by the seven criteria which it formulated. This act further made it the "duty" of the railroads and their employees "to exert every reasonable effort and adopt every available means to avoid any interruption" of the service, but it stopped short of prescribing penalties for non-fulfilment of this duty.

The recent shopmen's strike proved that Congress must do more to prevent a tie-up of the railroads than formulate a new code of duties for railroad men and managers. The conclusion of President Harding as to what this more should be is significant. In his recent message

"The act made the eight-hour day standard by requiring the payment of the same wage for eight hours as had previously been paid for the longer work day, but it did not prohibit such longer work day, nor even discourage it by requiring extra compensation for overtime. It was thus essentially a law to increase wages rather than effectively to establish the eight-hour day.

he advocates, in characteristically guarded language, that the functions of the Railroad Labor Board be transferred to a labor division of an enlarged interstate commerce commission, that its decisions be given the force of law, and that railroad strikes be prohibited.

It was no accident that the same winter in which Congress passed the Transportation act in face of the determined opposition of the leaders' of organized labor, Kansas, under the forceful guidance of Governor Allen, adopted her Industrial Court law. This affords even clearer evidence of the inevitable trend of governmental policy toward labor controversies on public service industries. The Kansas act not only creates a court with broad powers to regulate wages, hours, and working conditions when in dispute in industries affected with a public interest, but prescribes more clearly than the Transportation act what standard of just and reasonable rates the court is to apply to wages and working conditions, and prohibits with severe penalties strikes or other concerted efforts to interrupt the continuous operation of such industries.

It would be a bold prophet who would attempt to predict just what developments in our governmental policy toward public service industries lie immediately before us. In the see-saw of politics, President Harding's recommendations may be disregarded and Governor Allen's beloved Court may be abolished. But I venture the opinion that whatever course the legislation of the immediate future may take, the logic of the situation will as time goes on lead us to strengthen rather than weaken the machinery for insuring continuous operation of public service industries. This means the maintenance of an authoritative board or court to determine labor conditions on the railroads and of similar state boards or courts to determine conditions on street railways and other local public service industries. It means the formulation in statutes of the standards as regards wages and working conditions that are to be required in connection with public service industries. Finally it means prohibition with enforceable penalties (not imprisonment) but fines which pursue the offender until paid, as in New Zealand)

'Among much conflicting testimony, there seems to be general agreement that a chief reason for the violent reaction against the Kansas law in the recent election was the severity of the penalties imposed under it. Sending Alexander Howat and his five associates to jail made the law seem obnoxious even to wage-earners who had theretofore viewed it with indifference or even approval. Fines, collectible from the future pay envelopes of employees violating the law as well as from union treasuries, would prove in the long run a more efficacious means of enforcement.

The application of this new state policy to coal mining, an industry which had long been nationally organized both on the managerial and the labor side, subjected it in my judgment to an unfair test. Had its operation been limited to street railways and other local public service industries, it might soon have been accepted as a logical and proper extension of the policy which had already been undertaken, of regulating these industries through a public service commission.

of strikes or other concerted efforts to interrupt the service. I base this opinion on two grounds. In the first place the strike weapon in these industries is beginning to be a boomerang. The very fact that continuous operation of public service industries is vital to the public interest insures in advance public condemnation of the group which undertakes to interrupt such operation, however great the provocation. For that reason the shopmen's strike of last summer was lost before it was begun. The same circumstance foredooms a street railway strike, under any but the most unusual conditions, to failure. The managers of our railroads and street railway companies are beginning to understand the situation. Few of them doubt their ability to break, with the aid of indignant public opinion, any strike that may be started provided the government prevents violence and intimidation on the part of the strikers.

My second and stronger reason for believing that we shall persist in the policies of adjusting labor conditions in public service industries through boards or courts and prohibiting strikes is that we have already pressed the policy of regulating rates and quality of service so far that we cannot well avoid similarly regulating wages. Public authority cannot long content itself with prescribing that "rates shall be fair and reasonable" without also prescribing that costs, including wages, shall be fair and reasonable.

The background against which we must consider the advantages and disadvantages of company unions *versus* trade unions in public service industries is then a situation in which the strike is already a discredited and is rapidly becoming a futile weapon, in which boards and courts are being established and strengthened to adjudicate labor disputes, in which definite standards as to hours, wages, and working conditions are being crystallized into law, and in which to an increasing extent the law will also prohibit and punish combined action aiming at interruption of the operation of these industries.

We are now ready to ask what are the tests of a desirable form of labor organization from the viewpoint of the public, of the employees concerned and of the employers. From the viewpoint of the public the ends to be advanced are continuous operation, economy and efficiency in operation and the development of more intelligent, more capable and

"I do not advocate this last step, logical and necessary as I believe it to be, because I feel strongly that any statute which deprives the employees of public service industries of their right to strike, must in fairness establish definite minimum standards for their protection. Among these should be, in my opinion, the eight-hour day with extra compensation for overtime, a reasonable living wage, employment on a monthly or even annual, instead of merely a daily, basis and the right to belong to labor organizations of their own choosing. Economists can, I think, render a more valuable service by urging the need of such standards than in joining in the current hue and cry against strikes.

more public-spirited workers and citizens. From the viewpoint of employees economy and efficiency in operation and the development of a higher type of worker must be stressed, but even more important are liberal compensation, moderate hours, safe and sanitary working conditions and the fullest participation by the workers in the determination of their working conditions that is compatible with economy and efficiency. Finally from the viewpoint of employers the desiderata are continuous operation, maximum economy and efficiency, low labor costs, and ready acceptance by the employees of changes deemed by the management to be necessary to the good of the business.

Economy and efficiency of operation are desirable ends to the public, to employees and to employers. Which type of organization, company unions or trade unions, is likely to contribute the more to economical and efficient operation? There can be little question that judged by this test company unions are superior. Limited in membership to the employees of the business organization which they serve, they readily develop an interest in and a loyalty to that organization which tend to increased efficiency. Since the questions discussed and the conditions to be regulated all relate to the one organization, the employee representatives, and through them the rank and file, soon acquire a knowledge of the production problems with which the employer is struggling, realize their community of interest with him in solving these problems successfully and develop that coöperative attitude that is bound to follow from such realization.

By contrast trade unions, including in their membership employees not of one organization only but of as many competing organizations throughout the country as can be induced to join, inevitably stress the opposition of interest between their members and the business organizations they serve. The very reason for their existence is the conviction that the interests of employers and employees are opposed. It is not by promoting economy and efficiency that they hope to benefit their members but by bringing organized pressure to bear upon the employers. The preamble of the constitution of the American Federation of Labor, and the preambles of nearly all of the affiliated trade unions, emphasize the contentious aspect of the relationship between employers and employees. As the Federation's constitution phrases it: "Whereas a struggle is going on in all the nations of the civilized world between the oppressors and the oppressed of all countries, a struggle between the capitalist and the laborer which grows in intensity from year to year and will work disastrous results to the toiling millions if they are not combined for mutual protection and benefit, it therefore behooves," etc. Starting with this analysis of industrial relations, the officials of American trade unions might be expected to be even more belligerent in their attitude toward employers than in

fact they are. Individually they are often, if not usually, fully aware of the coöperative aspect of the relationship between employers and employees and alive to the dependence of favorable conditions for their constituents upon efficient and economical production. But the very form of the organizations which they represent precludes them from being as coöperative in their practical attitude as the representatives of company unions. Since they deal with many competing employers, some considerate of their employees, some hard-faced exploiters, they necessarily conceive of the interests they represent as on the whole opposed to the interests of the employer and deem it their principal business to force employers, through the pressure that organization enables them to exert, to grant more favorable conditions than these would voluntarily concede.

It requires no argument to prove that company unions are likewise more conducive than trade unions to the continuous operation of the industries with which their members are connected. When not pledged by their constitutions to refrain from strikes, as are many of the railroad company unions recently organized, they are deterred from such activities by the lack of outside support.

While the evidence thus favors the company union as the better agency for promoting economy and efficiency and continuity of operation, the argument seems all on the side of the trade union from the viewpoint of the employees' chief interests—favorable wages, hours, working conditions, and participation in determining these conditions. The company union is obviously not equipped to contend effectively for better conditions with a reluctant employer. In the first place, all the members, including even the officials of the organization, are employees of the employer to be influenced and dependent upon his good will for a livelihood. Second, because of their local character they are debarred from acquiring knowledge of conditions in other establishments where perhaps wages, hours, and working arrangements are more favorable and thus are unable to exert the pressure which possession of this knowledge would make possible. In the third place, again because of their local character, they can offer no effective resistance to adverse changes initiated by the employer, since without outside support they can do little more than protest against what they consider unfair.

The trade union enjoys obvious advantages at all three points. Its officers and most of its members are independent of any individual establishment or company and therefore can more aggressively press for desirable changes. Second, its officers are in contact with conditions in the given industry throughout the country and able to use this broader knowledge effectively in connection with any local controversy that may arise. Third, knowledge that his employees have

their trade union behind them serves to deter the employer from initiating unfavorable changes, and when he does attempt such changes the members immediately affected can resist much more vigorously because of the support of the membership at large on which they can usually count.

For all these reasons trade unions promise greater benefits to their members than company unions, but there is another side that must not be entirely overlooked. Overemphasis of the struggle aspect may result in so hampering production that the larger share of the smaller output that employees secure leaves them worse off than the smaller share of the larger output that might have gone to them had they been without such powerful organizations. The conditions that have developed in the building trades in New York and Chicago illustrate this. Many employers claim that the restrictive rules, jurisdictional controversies, and wasteful practices of the unions so add to the cost of construction that the whole building industry is kept in a depressed condition when it might be highly prosperous for all concerned. This may be an exaggerated view but no one who has followed recent investigations can question that wage-earners in the building trades pay collectively in unemployment and irregular employment a high price for any benefits the restrictive policies of their craft unions may seem to yield. Only when the standard conditions secured through trade union bargaining are free from wasteful and hampering restrictions, such as would not and could not be exacted by company unions, is the case entirely in their favor even as regards wages, hours, and working conditions.

The superiority of the company over the trade union as regards low labor costs and the "ready acceptance by the employees of changes deemed by the management to be necessary to the good of the business," the principal desiderata of employers, is obvious from the very nature of the two organizations. Closer contact with and better understanding of the production problems of the establishments they serve make the officers and members of company unions much more open-minded with reference to proposed changes than the officials of trade unions can be expected to be. This difference is registered in the frequent complaint of employers that the trade unions try to run their business and the countercharge of trade union leaders that company unions (to quote from the A. F. of L. resolution^o on the subject) are

"The more significant declarations in this resolution (No. 201) adopted at the 1919 convention are:

"Whereas many steel corporations and other industrial institutions have instituted in their plants systems of collective bargaining akin to the Rockefeller plan, and

"Whereas extensive experience has shown that while employers are busily carrying on propaganda lauding these company unions to the skies as a great improvement

"a snare set up by the companies for the express purpose of deluding workers into the belief that they have some protection" when in reality they have none.

How is the issue affected in the case of public service industries when, in the interest of continuous operation, the law prescribes standards as to wages, hours, and working conditions that must be maintained, creates boards or courts for enforcing these standards, and prohibits the organized workers from joining in strikes to interrupt the continuous flow of the commodities or services vital to the public interest? It is evident at once that prohibitions on the right to strike largely neutralize the advantages which flow from trade union organization. Realization of this fact goes far to explain the uncompromising hostility of the officials of the American trade unions to any curtailment of the right to strike. Officers of the railroad brotherhoods have long realized that actual use of the strike weapon would arouse such a storm of public disapproval that the strike would be bound to fail and yet they insist on a retention of the nominal right to strike because they realize how its withdrawal will weaken the force of their efforts to maintain the full strength of their unions.

To illustrate the point, consider what a feeble appeal the national organization of street railway employees is able to offer to men employed by a traction company in Kansas now that they have been prohibited by law from engaging in strikes and at the same time afforded an opportunity to carry their demands for higher wages, shorter hours, or improved conditions to the Kansas Industrial Court! The national organization cannot even assist greatly in the efforts to change this Kansas plan since it owes its existence to Kansan rather than national legislation. On the other hand, the case for organization into company unions can be presented with convincing force by a Kansas traction company which really wishes to establish better relations with its employees and through their intelligent coöperation to afford more economical and efficient service to the Kansas public. Through their joint efforts the employees organized in a company over trade unions they are at the same time just as actively enforcing a series of vicious practices that hamstringing such organizations and render them useless to their employees;

"Whereas, in view of the foregoing facts it is evident that company unions are unqualified to represent the interests of the workers, and that they are a delusion and a snare set up by the companies for the express purpose of deluding workers into the belief that they have some protection and thus have no need for trade organizations;

"Therefore be it

"Resolved that we disapprove and condemn all such company unions and advise our membership to have nothing to do with them and be it further

"Resolved that we demand the right to bargain collectively through the only kind of organization fitted for this purpose, the trade union."

union can improve greatly both the safety and the efficiency of the service. If the employer couples with intelligent encouragement of the company union considerate plans for enabling the employees to acquire stock in the corporation, for profit-sharing, and for insurance against illness, unemployment and dependent old age, he can readily make any promised benefits of the national trade union seem hollow and unreal and develop an *esprit de corps* among his employees that will react not only to his advantage but to their advantage and to the advantage of the public—providing always that just and reasonable standards as to wages and hours are maintained by public authority.

The case is not so clear in connection with the operating departments of the railroads. Here the employees are scattered over a wider territory, standards as to wages, hours, etc., must approximate uniformity on different roads at least in the same district and there are other circumstances favoring national organizations. As we persist, however, in the policy on which we have embarked of prescribing by law standards for railroad employees, of maintaining a government board to enforce these standards, and of limiting the right to strike, steam railway employees, like street railway employees in Kansas, must feel less strongly the urge to maintain their national organizations and must become more alive to the advantages of more coöperative relations with the employing companies.

All of the advantages of both forms of organization might be secured, if railroad executives would continue to settle questions of wages, etc., by negotiation with the brotherhoods and on their side the brotherhoods would coöperate in the organization of their members into company units for promoting safety, efficiency, and economy on their respective roads and for adjusting local differences locally.¹ Both might then use their influence not to destroy the Railroad Labor Board but to bring about its reorganization so that it will more intelligently fulfil its dual function of insuring the continuous operation of the railroads and adjusting fairly and reasonably issues which the executives and organized workers cannot settle through negotiation.

I have reserved for final consideration the aspect that is after all of chief concern to economists—which form of organization, company unions or trade unions, is likely to lead in the long run to the development of the “more intelligent, more capable and more public-spirited workers and citizens”? To answer this question it is necessary to have in mind some ideal as to the goal toward which our industrial development is leading. The ideal which commends itself to my own

¹As regards competitive industries, where the conditions make the maintenance of trade or industrial unions of national scope desirable, some such combination of the unions with shop committees or “works councils” has many advantages for all concerned.

mind is an industrial society in which the average level of intelligence and understanding is continuously rising, in which the ownership of capital is becoming more and more widely diffused and in which the workers are progressively better paid for more congenial work varied by more ample opportunities for leisure and recreation. With an increase in average intelligence I venture also to hope that there may be such improvements in our political organization that public service industries may be more commonly not only owned but efficiently operated by the government for the common benefit, that coöperative enterprises may become more numerous and more habitually successful, and that the employees who continue to work for profit-seeking employers may be given a progressively larger voice in the determination of the conditions under which they work and may be insured a reasonable share in the profits they help to earn for such employers.

Toward the realization of this ideal, American trade unions have made a contribution of inestimable value. Without them the struggle between employers and employees would have been so unequal that the wage system all along the line might have become, what it still is at its worst, another name for the sweating system, and the gulf that separates employers and employees might have been so widened that the proposal to bridge it would have seemed chimerical. In their work of fostering the independence and raising the standards of wage-earners, trade unions have necessarily developed as fighting organizations. They have constantly stressed the opposition of interest between employers and employees and the strike has been their most effective weapon. If my analysis is correct we have now reached a stage in public service industries where we can no longer tolerate the use of the strike and where we are beginning to establish standards through legislation and through adjustment boards which render resort to it unnecessary.

Is the company union or the trade union best fitted for the further development of the employee in public service industries as a worker and as a citizen? Certainly many of the company unions that have been launched in the last few years have little to commend them as schools of efficiency or of forceful citizenship. They have been imposed on reluctant employees by employers whose chief motive was to discourage by this means all other forms of organization, a purpose which has been frankly manifested in rules that on the one hand require the employee to belong to the company union and on the other to forswear allegiance to any and every other form of labor organization. But along with these trade-union-smashing company unions are others which put no limitations upon the right of the employee to belong to other organizations but yet offer him so much more than the fighting

trade union can hope to offer him that they easily attract and hold the great majority of the employees.

The limitation of the old-line trade union is that it is designed to strengthen the power of its members to fight the exploiting type of employer. When confronted by an employer who is really actuated by good will toward his employees and is capable of organizing his business so as to offer them better conditions than most of his competitors, the trade union becomes in great measure superfluous. On the other hand with such an employer a company union can be developed into a powerful agency for raising the level of intelligence and understanding of the employees, for according them a larger and larger share in determining the conditions under which they shall work and in preparing the way for that better industrial world which we like to believe is in process of becoming.

The choice between the company union and the trade union as regards this vital question as to which will develop the better worker and citizen thus depends on the type of employer who as time goes on is to manage our public service industries. So long as the profit-seeking exploiter type predominates, our preference must be unqualifiedly for the fighting trade union. As the coöperative employer who honestly regards himself as the senior partner in industry and his employees as his junior partners becomes predominant there will be less need for the fighting trade union and a larger field of usefulness for the company union, as a step toward true copartnership in industry.

Our conclusions can be restated in a few words. There has been a notable increase in the number of company unions in the last few years and at the same time a marked decline in the membership of trade unions.⁸ Company unions are better calculated than trade unions to promote continuity, economy and efficiency of operation and are more amenable to changes initiated by employers. Therefore employers favor them and their associations, like the National Industrial Conference Board, issue highly commendatory reports in regard to their operation. They are not at all well fitted to contend against the grasping type of employer for more favorable wages, hours or working conditions and, therefore, trade unionists condemn them as a delusion and a snare. In the case of public service industries the public's vital interest in continuous operation is causing authoritative adjustment boards to be created, standards as to wages, hours and working conditions to be laid down by law and restrictions to be imposed upon the right to strike. Moreover the public's automatic

⁸It is not intended to imply that it is because company unions have multiplied that trade unions have declined, although in a few instances such direct causal connection might be established.

condemnation of the side which interrupts a public service makes the strike a boomerang. In these industries accordingly trade unions operating along old lines are losing much of their usefulness, while the field open to company unions is broadening. As regards the public interest in the development of better all-round workers and citizens, preference must be given to trade unions or company unions depending upon the type of employer involved. The hope of the future is that the employer actuated by good will and desiring to make the employment relation a real copartnership in industry will become the predominant type, and that under his leadership practicable plans will be devised for combining national unions dealing with the problems of general concern to all wage-earners in the industry with company unions or shop committees for the settlement of local problems.

There is one aspect of the situation which this analysis seems to overlook. Consciousness of the opposition of interests between employers and employees has given vitality to the trade union, but an even stronger cohesive influence has been the consciousness of common interests that is causing the workers of all countries to unite even across national boundaries. Is this growing sense of solidarity to be eclipsed by the increasing realization fostered by company unions that employers and employees have common interests as well as conflicting interests? Nothing is further from my own expectation. What I think rather is that the sense of common interests which holds wage-earners together in trade unions will be in part transferred from the industrial to the political field. The principal circumstance that may render the trade union less indispensable is not any over-night conversion of employers, but the taking over of the regulation of working conditions in public service industries by the government. In the constitution of adjustment boards, in the formulation of legal standards as to working conditions, in the progressive development of social insurance and other protective labor legislation, wage-earners will have an ever increasing motive for concerning themselves with politics. The United States has been relatively backward in this development but what has happened in other English speaking countries, in the United Kingdom, in Australia and in New Zealand, the growth of a labor party until it has become the principal opposition party, is prophetic of what is likely to happen here.

There is no danger that the consciousness of solidarity of interest among wage-earners will grow weaker so long as the wage system itself endures. What we must hope for from the changes which I have forecast in connection with our public service industries, and this is my last word, is that this consciousness of solidarity may be tempered by a growing realization of our common interest in having these industries really dominated by the motive of public service, rather than

by greed for excessive profits on the part of the employer or desire for unfair advantages on the part of the employee. For it is only by making the inspiring slogan that is justly prized by all sorts of labor organizations, "Each for all and all for each," the slogan of our whole industrial system that we can ever hope to solve the labor problem.

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THE TARIFF ACT OF 1922

Prior to the national election of 1920 a revision of our tariff laws had been in contemplation by members of Congress and others. The World War had brought about industrial changes which made some alteration of tariff schedules desirable. It was not, however, until after the election in November that the general character of the proposed legislation was definitely decided. The return to power by an unprecedented majority of the party most committed to a high protective policy was a signal for one of the most pronounced upward revisions of tariff schedules in our country's history. While preparations for this anticipated legislation began immediately after election and hearings before the House Committee on Ways and Means were held early the following January, the new act did not assume its final form and receive the President's signature until late in September, 1922. In other words about twenty months were devoted to framing the Tariff act of 1922.

Place in Tariff History

The tariff history of the United States may be divided into three periods: first, the period extending from 1789 to 1816; second, the interval between 1816 and the Civil War; and third, the years following the Civil War. During the first of these periods duties on imports were imposed mainly for revenue, although protection was often advocated and, in some instances, afforded. From 1807 to 1815 the foreign trade of this country was seriously affected by the Embargo and Non-intercourse acts and by the War of 1812—all of which were the direct results of the disturbed conditions of Europe due to the Napoleonic wars. The second period, especially from 1816 to 1846, was characterized by acts distinctly protective in aim. The rates were moderate on the whole compared with those contained in the laws of our third period. From the passage of the Walker tariff (1846) to that of the Morrill tariff (1861) the country's trade policy, although still protective, tended to follow the general world movement of the time in the direction of greater commercial freedom. The progress of this movement in the United States was suddenly interrupted by the outbreak of the Civil War.

The Civil War introduced our third period, characterized by high protection. The revenue feature in our tariff laws became subordinated to the great purpose of safeguarding American industries and making the country, as far as natural resources would allow, self-sufficient. Even the "free-trade" tariffs of 1894 and 1913 were distinctly protective, and the former, highly so.

When the World War broke out the United States had within a year enacted a law which marked a decided return to the moderate tariff policy of the pre-Civil War period. This act, although subjected to the usual criticisms leveled against all reductions in duty, was not unpopular. The Congressional election of 1914, after the law had been in operation thirteen months—ten of which antedated the outbreak of the World War—showed no such outburst of unpopularity as was evidenced after the passage of the Payne-Aldrich act of 1909. To all appearances the country at that time desired a moderate rather than a highly protective tariff policy.

The war brought about a reaction. The intense nationalism which began to show itself in Europe during the later stages of the struggle and loomed up so conspicuously in the political movements following the establishment of peace had its counterpart in this country in political aloofness from European affairs and in the widespread demand for higher tariff barriers. The influence which operated most directly in producing this reaction was probably the threat of declining prices and wages, and the fear that this decline would be accentuated by a large increase in our import trade. Coupled with this influence, however, were our traditional attitude regarding foreign, and particularly European, entanglements, and the fear of becoming involved in certain social movements then spreading over considerable areas in eastern and southern Europe. The reaction produced by the World War thus put the act of 1922 in line with the general trend of tariff legislation characteristic of the period following the Civil War.

General Form of Act

Before the rates and certain distinguishing administrative features of the new law are discussed, some mention should be made of the general form which it has assumed. The act is divided into four general parts, called "titles," as follows:

Title I	Dutiable List
Title II	Free List
Title III	Special Provisions
Title IV	Administrative Provisions

This division corresponds closely with that made in the act of 1913, except that the word "title" is substituted for section in the case of these general designations. Title IV is subdivided into six parts, and Titles III and IV are further subdivided into a number of sections. The dutiable articles covered in Title I, as in all the general tariff laws beginning with that of 1883, are grouped in fourteen schedules beginning with chemicals and ending with sundries. From 1883 to the passage of the present law these groups were lettered, but in the Tariff

act of 1922 they have been numbered. Thus schedule A, which includes chemicals, oils and paints, becomes schedule 1; schedule B, embracing earthenware and glassware, schedule 2; and schedule C, devoted to metals and manufactures of metals, schedule 3. Schedule K, which covers wools and woollens, is now schedule 11. The change from letters to numbers was probably influenced by the odium which was associated with some of these groups at the time of the passage of the act of 1909.

Since 1890 the paragraphs of our tariff laws have been numbered consecutively from the first paragraph of schedule A to the last paragraph in the free list. In the present law, however, each schedule is allotted a possible one hundred paragraphs, and the initial paragraph of each schedule is numbered as the first of its one-hundred group regardless of the last paragraph of the preceding schedule. Thus the paragraphs of schedule 2 begin with 201, and those of 3 with 301, although schedule 1 closes with paragraph 93, and 2, with paragraph 238. As the numbers from one to one hundred are allotted to schedule 1 and schedule 2 begins with 201, the one-hundred group ending with 200 is unassigned.

Although the new system of paragraph numbering is characterized by some discrepancies in form, these are of minor consequence and the arrangement on the whole enables a person to determine readily a commodity's grouping by its number. It is unfortunate, however, that the radical change introduced by this new system was not accompanied by a similarly radical change in classification of commodities. Some schedules contain only a few paragraphs, while others have ninety or a hundred, and some paragraphs should be further subdivided in the interest of clarity. Thus schedules 5 (sugar, molasses and manufactures of) and 6 (tobacco and manufactures of) have only five paragraphs each, while schedule 3 contains 100, several of which include articles only remotely related to one another. Such a paragraph as 304 (devoted to steel) is a perfect hodgepodge of material destined for widely varying uses and in different stages of production. It would have been wiser to divide the overloaded metal schedule into two or more groups,¹ and to have combined under some common designation two or more schedules like those of sugar, liquor and tobacco, which have only a few paragraphs each.

It may be said, however, in this connection that in the designation

¹A good twofold division which could be easily and logically made would be that separating the metals, whether in the form of pigs, bars, sheets, plates, and the like, and their ores, from fabricated articles made of metal, such as tools, hardware, machines, jewelry, scientific and surgical instruments. The variety of articles made of metal is increasing rapidly, and sooner or later this schedule must be divided. There is no good reason for having only one metal schedule when textiles are divided into four schedules.

and classification of articles within paragraphs many improvements were made over earlier acts. In the chemical, textile, and agricultural schedules greater accuracy in the terms employed and more logical groupings and descriptions were achieved, largely on the recommendations of the Tariff Commission. In the case of the metal schedule several improvements were made by the Senate Finance Committee, also on recommendations of the Tariff Commission; but, as the principal features of this schedule were given form by a subcommittee of the House Ways and Means Committee, which followed the recommendations of the American Mining Congress, a body mainly interested in developing western mineral properties, less was done than should have been in the way of modernizing metallurgical terms and processes, and in making classifications more consistent.

Rates

The rates of the act of 1922 show in general a return to the high protective policy embodied in the laws of 1897 and 1909, modified indeed by the recognition of recent changes in industrial technique and organization. They also show the influence of the growth of several new industries which had developed in this country during the World War and whose existence was threatened by foreign competition after the establishment of peace. Coupled with these characteristics, and perhaps more interesting as a revelation of how our tariff laws are really framed, are certain aspects and anomalies due to the force of sectional interests and antagonisms. The recognition of this force as something to be controlled probably had much to do with the incorporation within this law of a unique feature—the imposition upon the Tariff Commission of the right and duty within certain broad limits to recommend changes in rates of duty to the President.

Broadly speaking, the Congress which framed the act of 1922 aimed to restore the general level of rates which existed before the Democratic party came into power in 1913. The act of 1909 was used as a basis, and in a large number of cases the duties imposed in that law were renamed in the present act. Variations from this basis, however, were numerous and in several instances wide.

What the average level of duties is in the present act and whether it is higher or lower than that of the acts either of 1897 or of 1909 is impossible to state with mathematical precision. The duties collected on imports for consumption are averaged each year by the Bureau of Foreign and Domestic Commerce on an ad valorem basis, both for dutiable articles alone and for the combined dutiable and free. For the twelve years during which the act of 1897 was in force the rates imposed on dutiable commodities averaged 47.11 per cent ad valorem;

the extreme annual variations being 52.07 per cent and 42.55 per cent. During the four years that the Payne-Aldrich act was in effect the average ad valorem rate was 40.73 per cent, with 41.52 per cent and 40.05 per cent as the highest and lowest annual averages respectively.* Including articles admitted free of duty the average rate for the first of these periods was 25.92 per cent, and for the second, 19.42 per cent.

These averages, while valuable as an index of the level of duties actually collected, are very misleading when used as a gauge of the rates imposed by a tariff bill. Duties so high as to be prohibitive are not figured at all in such averages, and when high enough seriously to curtail importation they are not given due weight. Averages based upon both the dutiable and free lists include large importations of commodities, like coffee, not produced in this country and generally admitted free in all our recent tariffs. It is for this reason that Senator Watson of Indiana was able to argue with some degree of plausibility that the average ad valorem duty in the Fordney Tariff bill, as it passed the Senate and as figured on the combined dutiable and free list basis, would be only 13.36 per cent, while the average for the importations of 1921 under the joint operation of the Underwood and Emergency Tariff acts was 11.44 per cent.† In other words the difference in the average ad valorem rates of the act of 1922 and the joint Underwood and Emergency acts amounted to less than two per cent!

An approximate arithmetical average of all the rates named in a tariff bill can be and in some instance has been made, but this too is of little value. Rates affecting a very limited amount of possible importations are given the same weight as those applying to large quantities of imported merchandise. Such an average, however, would give weight to high and prohibitive duties, and would be considerably greater than an average based upon the amounts of duty actually collected. The difficulties of reducing specific rates to an ad valorem basis, wherever prices are hard or impossible to obtain, and of using a particular grade or kind of article as a type, where the rate applies to several grades or kinds of widely varying values, makes this average in large measure a guess, especially if specific rates form a large proportion of the total number.

The general character of the new tariff with respect to rates is better gauged by an examination of what was actually done than by an attempt to determine averages and compare either arithmetical or weighted averages for the act of 1922 with corresponding averages for earlier tariffs. Reductions below the rates prevailing in the act of 1913 were very few and, generally speaking, inconsequential. In a few instances articles or materials imported in moderate quantities

*Averaged from the annual figures for imports in *Statistical Abstract*, 1920, p. 771.

†*N. Y. Journal of Commerce*, Aug. 24, 1922.

which had been transferred from the dutiable to the free list by the Underwood law, like iron ore and bituminous coal, were kept there in the present act. Some of the dutiable rates were not changed at all, or only slightly altered by transforming them from ad valorem to specific duties. All these instances constitute a small proportion of the total, and in several cases the domestic producers had become exporters and feared possible retaliatory measures by foreign governments.

The greater part of the dutiable list was raised far above the Underwood rates and, as has been indicated, to the actual or approximate level of the Payne-Aldrich law. Transfers from the free to the dutiable list were also numerous. In addition to these upward movements were several increases above the rates prevailing in the act of 1909. Most of these duties applied to articles produced by industries which had grown up or were greatly developed during the war period, to certain agricultural products whose prices had suffered considerable decline after the Armistice and particularly after the spring of 1920, and to some highly manufactured commodities in whose production labor cost constitutes a large item in the total expense of manufacture.

Among the commodities whose rates were either not raised at all or increased only to a very moderate extent were those connected with the iron and steel industry. This industry reached its present stage of development largely under the shelter of a high protective tariff. The manufactures of steel rails and of tin plate in the United States are often cited as classic examples of the beneficent effect of a protective tariff. The interests involved in these branches of production were in the recent past powerful agencies in fostering the growth of a strong public sentiment in favor of high protective duties. In late years, however, they have developed a large export trade; and with the increase of their international trade interests the antithesis between high import duties and foreign commerce has become too strong to allow them to look with much favor upon tariff barriers.

The iron and steel interests, and some dependent industries, once solicitors for tariff favors, were comparatively indifferent about the rates on iron and steel.⁴ Manufacturers of automobiles expressed fears that the duties on their products would not be low enough.⁵ The general tariff movement with reference to these branches of production may be indicated by a selection of certain typical products with their rates of duty for the past three decades, tabulated as follows:

⁴This statement applies to producers of "tonnage" steels, such as rails, structural shapes, plates, sheets and the like. The manufacturers of alloy steels like tungsten steel, chrome steel, and manganese steel were eager for protection.

⁵A committee of producers visited the office of the U. S. Tariff Commission in the interest of reduced duties.

	Iron ore	Pig iron	Steel rails	Structural shapes not machined, etc.	Tin plate	Automobiles
Act of 1890	75c. per ton	3/10c. per lb.	6/10c. per lb. or \$13.44 per ton	9/10c. per lb.	2 1/5c. per lb.
Act of 1894	40c. " "	\$4.00 per ton	7/20c. per lb.	6/10c. " "	1 1/5c. " "
Act of 1897	40c. " "	\$4.00 per ton	7/20c. " "	5/10c. " "	1 1/2c. " "	45 per cent ²
Act of 1909	15c. " "	\$2.50 per ton	7/40c. " "	3/10c. or 4/10c. per lb. ¹	1 1/5 " "	45 per cent
Act of 1913	Free	Free	Free	10 per cent	15 per cent	45 per cent or 30 per cent ¹
Act of 1922	Free	75c. per ton	1/10c. " "	1/5c. per lb.	1c. per lb.	25 per cent

¹Rate dependent upon value.²Automobiles were not specifically mentioned until 1909, but were dutiable as manufactures in chief value of metal under the act of 1897.

With the exception of iron ore, which is imported in moderate quantities from Cuba and a few other places by plants near the Atlantic coast, only special kinds or grades of the commodities above enumerated are now imported, and these are high priced and used in very limited amounts. It is partly on account of this limited importation that any duties at all are now imposed upon these articles. For the bulk of the commodities coming under the designations above enumerated, tariff rates now exert no influence on domestic prices; and manufacturers who have developed an extensive foreign trade are gradually assuming the attitude of many of the larger producers in other lines in opposing the present reaction in the direction of greater protection. It is worthy of note that several important journals in the East and Middle West, popularly supposed to voice the sentiments of some of these interests, adopted a critical attitude toward the new law.*

The schedules in which the rates of the Payne-Aldrich tariff were followed more or less closely embraced the greater part of the textiles—cottons, woolens, silks, and linens—a large portion of the articles listed under earthenware and glassware, some agricultural products and several paragraphs included under sundries. Even here variations from the rates of the act of 1909 were numerous, and in some cases considerable. In a few instances like cotton sheets the rates of the Underwood bill rather than of the Payne-Aldrich act were practically adopted;† but these cases were very exceptional in the groups indicated. The reenactment in numerous instances of the same specific rates as those contained in the act of 1909 generally amounted to an appreciable reduction in their ad valorem equivalents in view of the general rise in prices since the Payne-Aldrich act was in force. Increases, however, of both specific and ad valorem rates were sufficiently numerous in these classes of products to bring the general level of duties on an ad valorem basis pretty close to that of the law of 1909.

The rates which attracted most public attention and which constituted a distinguishing feature of the present law were those which had been either raised far above rates of earlier tariffs or increased appreciably above the duties of the Payne-Aldrich act, and which were applicable to articles of very general consumption. These rates covered various chemicals, especially coal-tar products, certain manufactured articles like cutlery, clocks and toys, a considerable range of agricultural products, and several minerals and alloys used in metallurgical operations. The greater part of the debate in Congress concerning the duties to be named in the bill was directed to these commodities.

*This was especially noticeable in certain New York and Chicago papers, like the *New York Tribune* and *Chicago Tribune*, but also characteristic of several publications in smaller cities. Some trade papers like the *American Metal Market* were also very critical.

†Act of 1909, paragraphs 326 and 332; Act of 1913, par. 264; Act of 1922, par. 912.

The following table contains selected articles or groups of articles showing the rates imposed by the acts of 1909, 1913 and 1922.

TARIFF RATES ON CERTAIN CHEMICALS, MANUFACTURED ARTICLES, AGRICULTURAL PRODUCTS, MINERALS AND ALLOYS.

Articles	Act of 1909	Act of 1913	Act of 1922
Coal-tar products (intermediate)	Free to 20 per cent	Free to 15 per cent	7c. per pound plus 55 per cent ¹
Coal-tar products (finished)	Free to 40 per cent	Free to 40 per cent	7c. per pound plus 60 per cent ¹
Pocket knives	40 per cent to 20c. each plus 40 per cent	35 percent to 55 per cent	1c. each plus 50 per cent to 35c. each plus 55 per cent
Razors (straight)	35 per cent to 15c. each plus 35 per cent	35 per cent to 55 per cent	18 cents each plus 45 per cent to 45c. each plus 45 per cent.
Flaxseed	25c. per bushel	20c. per bushel	40c. per bushel
Lemons	1½c. per pound	½c. per pound in bulk	2c. per pound
Sugar, 96°centrif'g'ls			
Full duty	1.68c. per pound	1.26c. per pound	2.21c. per pound
Cuban duty ²	1.35c. per pound	1.005c. per pound	1.76c. per pound
Wheat	25c. per bushel	Free	30c. per bushel
Wool (unwashed)	11c. and 12c. per pound	Free	About 15c. per pound ³
Manganese ore	Free	Free	1c. per pound of contained manganese
Tungsten ore	10 per cent	Free	45c. per pound of contained tungsten
Ferromanganese	\$2.50 per ton	Free	1-7/8c. per pound of contained manganese
Ferrotungsten	20 per cent	15 per cent	60c. per pound of contained tungsten plus 25 per cent
Quicksilver	7c. per pound	10 per cent	25c. per pound
Magnesite			
Crude	Free	Free	5/16c. per pound
Caustic calcined	Free	Free	5/8 c. per pound

¹Based upon American valuation. These ad valorem rates are to be reduced at the end of 2 years to 40 per cent in the case of intermediate and to 45 per cent in the case of finished products. See paragraphs 27 and 28.

²Reciprocity treaty with Cuba grants a 20 per cent reduction from the general rate.

³The present tariff provides a rate of 81 cents per pound on the cleaned content of the wool. This is approximately 15 cents per pound on the wool unwashed—the same rate as named in the Emergency tariff passed in May, 1921. See paragraph 1102 of Schedule 11.

The above rates are typical of the trend for a large number of miscellaneous commodities, which seemed to be peculiarly threatened by foreign competition after the close of the war or experienced a sharp decline in prices during the early period of readjustment. Political influence doubtless had much to do with the amount of protection granted, but the fear of a ruinous competition from abroad and the attempt to bolster up sagging prices quickened the efforts of the interests involved to put pressure upon Congress to provide extraordinarily high rates.

In the case of coal-tar dyes the increases are greater than the figures above tabulated would indicate on superficial examination. Before the war Germany had been the chief source of supply. When this source was cut off by the outbreak of hostilities, there was a rapid development of the domestic industry, the capital represented increasing from \$3,000,000 to \$174,000,000. As Germany had the chemical knowledge, experts and secret processes, the leaders of this industry maintained that no ordinary protection would suffice. They demanded, and for a time received, an embargo which was embodied in the Emergency tariff, coupled with a proviso for importation under license wherever a particular dye could not be found in the United States. Efforts were made to incorporate an embargo provision in the new law. When the Conference Committee made its report it appeared in the bill, although it had been denied when the bill was submitted to the Committee. The House promptly ordered the bill back to conference with instructions to strike out. The rates imposed, however, are based on American valuation and are sufficiently high to amount to a practical embargo on most dyes—at least for the next two years.

Several groups of manufactured articles like cutlery, clocks, and toys were being imported in large and growing quantities after the close of the war and coming into sharp competition with the domestic product. In numerous instances the prices paid for these articles in the country of origin plus transportation and handling charges were but a fraction of their selling prices here.* Senator McCumber produced a razor which cost 21 cents abroad and sold in the United States for \$5; a necklace which cost \$12.35 in France and sold here for \$150; a cuckoo clock bought for 94 cents in Germany and retailing in New York at \$22. The case of the cuckoo clock was treated facetiously by some journals, and one paper had an editorial entitled "A Cuckoo in the Tariff."† Nevertheless, these prices were used to show that importers were making "unholy" profits, and at the same time were crowding out domestic manufacturers. The fact, too, that published figures for

*See Reynolds' *Report*, especially the figures for pocket-knives, razors, toys, and clocks. The prices are those for August 1, 1921.

†*Chicago Tribune*, July 2, 1922.

prices and wages in Germany, and some other continental countries, indicated advances which were much less than the decline in exchange rates³⁰ was used to impress upon Congress that the American producer was obliged to meet an abnormally low labor cost in the case of many foreign products. These influences operated to raise the tariff on these commodities considerably about the 1909 levels and, in several instances, to more than 100 per cent.

The increases on agricultural products were relatively less than on chemicals and the manufactured products noted, but they were considerable and were supported by a large group of influential Senators and Congressmen. The rates on flaxseed, lemons, butter, milk (fresh), wheat, raw sugar, and raw wool were raised materially above those prevailing under the act of 1909. In some cases these increases will have little effect on domestic prices. Wheat, for example, is exported in much larger quantities than it is imported, and, its value being determined in a world market, tariff rates will have only local or limited effects. Farmers in North Dakota and Minnesota had felt some competition from the hard wheat of Canada, which is usually preferred by millers in the manufacture of high-grade flour and hence is imported to some extent. The wheat duty is partly a response to this local demand, and also to the feeling of restlessness among grain producers in general in view of the decline in prices which took place after the war.

The rates on raw sugar and raw wool were among the most hotly contested in the entire bill. The duty on raw sugar (full rate for 96° centrifugals) had been raised in the Emergency tariff from 1.26 cents per pound under the Underwood act to 2 cents per pound. Notwithstanding the resistance of refiners and the public outcry against high-price sugar during the closing year of the war and the two years following, the growers of cane-sugar in Louisiana and beet-sugar in California, Michigan, Colorado, Utah and other states were able further to augment this high rate to about $2\frac{2}{10}$ cents per pound. In the case of raw wool (clothing) there was a similar resistance on the part of manufacturers and the general public toward high duties, but much was made by growers of the rumors of large stocks of wool accumulated during the war and awaiting shipment to the United States. The sudden close of the war followed by a marked decline in the demand for this product also affected wool-growers in much the same way that it reacted on wheat-raisers and other agricultural producers. In consequence raw wool for the manufacture of clothing which in its unwashed condition had been dutiable under the Payne-Aldrich tariff at 11 and 12 cents per pound was raised to a rate of practically 15

³⁰See numbers of the *Monthly Review of Credit and Business Conditions*, by the Federal Reserve Agent, Federal Reserve Bank, New York.

cents per pound." In the Emergency tariff the rate of 15 cents per pound had been specifically named, but in the new law the duty was based upon the clean content and made 25 cents per pound (26 cents when imported in scoured state) in the original House bill. In the Senate this rate was raised to 33 cents, and later reduced by the Conference Committee to 31 cents per pound as a compromise between the House and Senate.

The least defensible rates in the whole bill are those applying to certain ores, metals and alloys. These materials are used for the most part in steel manufacture, and before the war had been very largely imported. During the war there was a great increase in the demand for these materials, as they are essential to the manufacture of arms, shells, etc., and there was a marked reduction in the foreign supply. Domestic sources were therefore developed which under normal conditions would have remained closed or undeveloped. The end of the war brought with it the probability of renewed importations and greatly reduced prices. Hence the producers involved insisted on a heavy tariff as a means of safeguarding these newly established industries, and exploited to the full their absolute necessity in case of another war.

The rate on manganese ore was among the most vigorously debated in the whole bill. Practically all our high-grade ore had been imported before the war from India, Russia and Brazil, and was used principally in the production of ferromanganese, an alloy essential to the manufacture of soft steel. The United States has an abundance of low-grade ore suitable for the production of spiegeleisen employed in the manufacture of some hard steels, but very little that is high grade. During the war domestic ores were utilized and combined with the available limited tonnage of imported material. The interests concerned in the mining of the domestic product joined with the producers of the other ores, especially tungsten-bearing ores and molybdenite, and put pressure on Congress to secure a high duty on manganese ores which had heretofore been admitted free. The House, to the astonishment of steel manufacturers who had paid little attention to the proposed new tariff, granted the manganese ore producers a rate of one per cent per pound on the manganese contained in all grades of this mineral having a metal content in excess of 30 per cent." At the prices prevailing just after the war this duty was equivalent to an

"See Act of 1922, paragraph 1102. The rate on clothing wool, formerly grouped in classes I and II in the act of 1909 and earlier acts, is 31 cents per pound on the clean content of the wool. This rate would be equivalent to about 15 cents per pound on the average in the case of unwashed clothing wool. It should be remembered in this connection wools vary in shrinkage and in the amount of foreign matter contained before washing and scouring.

"Paragraph 302.

ad valorem rate of over 50 per cent¹³—an exceptionally high duty for a raw product formerly admitted free and scantily produced in this country. On the protest of steel manufacturers the Senate Finance Committee put manganese ore in the free list and reduced the rate on ferromanganese. Notwithstanding the figures compiled by the Geological Survey showing the extremely limited deposits of high-grade manganese ore in this country and the reports of the Tariff Commission, the influence of western senators was sufficient to restore the House rate.

The duty on tungsten-bearing ores, 45 cents per pound of metal contained, is even higher on an ad valorem basis. Since the war the prices of these ores have been depressed considerably below those obtaining in the years immediately preceding the outbreak of hostilities in Europe, due mainly to the recent large importation of cheap material from China. From 1918 to 1920 prices dropped over 70 per cent, and from 1920 to 1922, about 60 per cent more. In other words a rate of 45 cents per pound of tungsten content, although moderate under the inflated values prevailing at the close of the war, has become under the prices obtaining in peace time—pre-war or post-war—equivalent to an ad valorem rate ranging from about 100 per cent to over 220 per cent.¹⁴

The high duties on manganese and tungsten-bearing ores have been accompanied by not only compensatory rates¹⁵ on the alloys made out of the contained metals, but also additional protection. In the case of ferromanganese this added protection is not large compared with that afforded the ore, but the total rate of $1\frac{7}{8}$ cents per pound is far above that contained in the act of 1909. This act provided a duty of \$2.50 per ton on ferromanganese, but the present rate on the standard-grade product (80 per cent manganese) is \$33.88 per long ton. The duty on ferrotungsten (60 cents per pound of tungsten plus 25 per cent ad valorem) amounts, under the prices prevailing during 1922,

¹³Quotations on this ore in 1922 ranged around 20 to 25 cents per unit of long ton (22.4 pounds) which would make the ad valorem rate about double this. At the time, however, there was much talk of abnormally low prices; and assuming prices comparable with those prevailing in other industries the ad valorem rate would probably be nearer 55 or 60 per cent.

¹⁴Quotations in the years 1910 to 1914, inclusive, ranged from \$5.97 to \$7.62 per unit of W_o , or approximately 37 to 47 cents per pound of metallic tungsten. The duty of 45 cents per pound, therefore, would be from about 100 to 120 per cent ad valorem. Prices during the present year have been less than one half those pre-war quotations, and hence the ad valorem equivalent of 45 cents per pound is over 200 per cent. It should be said, however, that present (1922) prices are extremely low compared with not only war prices but also pre-war quotations.

¹⁵A compensatory rate is one which covers the cost of raw material added by the duty imposed on this material including allowance for the waste incurred in ordinary good practice in process of manufacture.

to an ad valorem rate of from 200 to 225 per cent. The act of 1909 imposed a duty of 20 per cent on this ferroalloy.

Similar high rates were imposed upon molybdenum ore and several of the ferroalloys not mentioned. Efforts were made to put chromite and vanadium ores on the dutiable list, but these attempts failed, largely on account of the opposition of the interests using these raw products in their manufactures. The rate on quicksilver was raised to 25 cents per pound, as against 7 cents per pound under the Payne-Aldrich law. An attempt was made to put pig tin on the dutiable list, although very little has ever been produced in the United States or seems at all likely to be produced. This effort, successful in the House,¹⁰ failed in the Senate.

Sectional Alignments and Tariff Theory

It has been customary for economists to associate the sentiment in favor of a protective tariff with the growth of economic and political nationalism. In its recent phases this sentiment is often regarded as a survival of what is called, in economic history, mercantilism. In this stage of development town or local interests have been subordinated to, or supplanted by, state or national interests, and trade regulations are designed to promote as far as possible, national self-sufficiency and political independence. The ideas connected with the policy of securing a "favorable balance of trade" are related to the phenomenon of state or nation building. In this evolution the nation becomes not only a political but also a commercial unit. Tariff barriers are erected to subserve real or supposed national interests.

In the United States, however, tariff laws have been advocated and passed at the instance of special and sectional interests. General Hancock's oft-quoted statement that the tariff is a local issue is not far from the truth. In a republic like ours national legislators represent districts and states; and a country with as great a diversification of resources as this will inevitably show alignments more or less local in the support given to any tariff measure. Sectional conflicts of interests are bound to occur, and these can only be partially harmonized. A tariff measure thus becomes not so much the expression of a national policy as the resultant of several sectional policies. *

This characteristic of the American tariff accounts for some of the anomalies which appear in practically every tariff bill and the inconsistent attitudes of senators and representatives. The senators from Louisiana, members of the party standing for low duties and sometimes "free trade," are always advocates of high rates on raw sugar. The senior senator of Massachusetts, a staunch protectionist or most

¹⁰House Bill (H. R. 7456), paragraph 886.

things, is a sturdy free-trader when it comes to raw hides. Western "progressives" denounce high duties on cottons, woolens and silks, but support rates of duty on manganese and tungsten-bearing ores ranging on an ad valorem basis from about 50 to over 200 per cent. The agricultural bloc offers little or no resistance to duties on wire rods, but insists upon barbed wire made out of these rods being kept on the free list." These and numerous other inconsistencies are reflected in the new tariff act, just as they have been in the past acts.

Another phase of the same influence is the decline in Congress of any pronounced sentiment in favor of a purely revenue tariff. In all the speeches made against the proposed law on the floor of the Senate, where most of the debating took place, the theory of protection was seldom, and then only remotely, attacked." The opposition confined almost its entire effort to showing that the duties provided for in the bill were excessive—not that they were based upon a theory of international trade now largely abandoned by economic thinkers. This attitude is new on the part of representatives from states hitherto regarded as "free trade." In the South, for example, where high protection has been anathema for nearly a century the development of various mineral industries and lines of manufacture in recent years has brought about a serious modification of the former viewpoint. Not only the growers of cane-sugar in Louisiana but the producers of graphite in Alabama, of cotton textiles in the Carolinas and of the ferroalloys in Tennessee are clamoring for shelter under a protective tariff. In other words local and sectional interests have not only brought about inconsistent and anomalous positions among the representatives of different commercial policies but are changing the general party alignment from one between a protective and revenue tariff to one between high and moderate protection, with a not-too-great emphasis upon the word moderate."

To describe and analyze the sectional interests which found expression in the Tariff act of 1922 would take the writer beyond the scope of the present paper. A few observations, however, may be made. For many decades there has been some antagonism of interest between the producers of certain agricultural and mineral products in the West and the manufacturers utilizing these products in the East.

"Paragraph 1697.

"Senator Underwood made perhaps the most direct attack, but even he devoted most of his arguments to showing that the rates were excessive.

"In making this statement it is not to be understood that there is no longer any "free-trade" sentiment in the United States or any interests favorable to such a sentiment. The great importing interests of the country are of course supporters of any movement looking toward freer trade. Many of the larger manufacturing interests are also inclined in the same way on account of the development of their export trade. However, these interests for the present seem to be overwhelmed by a multitude of new industries demanding protection.

An early phase of this antithesis showed itself in the passage of the well-known act of 1828, called the "tariff of abominations."

This conflict of interests between East and West has survived, and at times has been very manifest when tariff laws were in process of enactment. It received emphatic expression during the debates and committee sessions held while the present law was taking shape. The "agricultural bloc," which figured so prominently in the movement for higher duties on farm products and whose success was shown in the agricultural schedule of the present law and also in the passage of an emergency measure in 1921, was more than a simple combination of senators and representatives for the agricultural states of the Middle and Far West. It developed into a combination of the representatives of western interests in general, producers of raw products. In these interests were included not only farmers but also miners whose operations are largely confined to the Rocky Mountains and Pacific Coast states and whose output is consumed by manufacturing concerns in the East.

Mention has already been made of the increasing export trade of the larger steel manufacturers and of their comparative indifference to any duties on their products. The imposition of high rates on manganese, which is a constituent element in all steel, and on magnesite, which is used in the building of open-hearth furnaces, means materially higher costs for steel products, and hence has awakened deep resentment on the part of steel manufacturers. The attempts to make raw hides and long-staple cotton dutiable met with effectual resistance, but the conflict showed the same line of sectional cleavage between the producers of raw material in the West and of finished articles in the East.* Most of the high duties on agricultural products, including raw wool and raw sugar, can so far as they affect prices at all be shifted to that great burden-bearer, the ultimate consumer. These additional costs, however, are not welcomed, and constitute another element in the clash of interests between the East and the West.

The long debate on the rates to be imposed on chemicals did not bring out the same sharp sectional differences, as did the discussion concerning the products just named. The proposals, however, for an embargo supplemented with a licensing system, aroused greater resistance in the West and the South than in the East where the principal chemical plants are located. There was a disposition to allow high

*In line with the same tendency was the attempt to impose a duty on coal in the interest of the coal miners of the state of Washington. This duty was veiled in a proviso imposing a duty on coal imported from any other country which made American coal dutiable. As most of the imported coal comes from Canada, and all the coal imported in the state of Washington, coal was practically put on the dutiable list while nominally on the free list. See House Bill 7456, paragraph 1545. The proviso was later stricken out.

and even prohibitive rates where the article was not extensively used by farming interests. Potash, however, used for fertilizing, was put on the free list by representatives from the West and the South, notwithstanding the great efforts to make this product dutiable for five years.²¹

There was considerable opposition to the high duties proposed on cutlery and some other manufactured articles, but the opposition, largely from the West and South, was also strong in the East and Northeast. These duties on the other hand received some valuable support from the West. The rates, although severely criticized, did not clash with any purely sectional interest.

The Flexible Tariff and the Tariff Commission

The increasing conflict of interests among different producers and particularly the tendency for these interests to divide along sectional lines had probably much to do with the incorporation in the present law of the unique feature giving the United States Tariff Commission the power to recommend changes in rates. The organic act creating this commission made it simply an information body endowed with the right to secure such data and submit reports which might be of assistance to Congress in framing tariff legislation. It had no regulatory or even advisory powers. The services of the Commission, however, were eagerly sought by members of Congress during the period when the new tariff law was under discussion. The need for expert information was apparent, and absolutely indispensable when sectional antagonisms within party limits had developed.

In the House bill there was no provision for a flexible tariff. In order to guard against undervaluation ad valorem rates in this bill were based upon American valuation, that is, "the price on the date of exportation of the imported merchandise at which comparable and competitive products of the United States were ordinarily sold or freely offered for sale in the usual wholesale quantities."²² In the Senate this provision was changed, making ad valorem duties depend upon "the foreign value or the export value, whichever is higher,"²³ and this change was adopted in the final draft of the bill. The flexible tariff provision was in a sense a substitute for the provision prescribing American values as a base, enabling the President to raise duties fifty per cent above those given in Title I or restoring American valuation where the increase in rates does not meet the difference in cost of

²¹See proviso in House Bill (H. R. 7456), paragraph 1635. This provision was eliminated in the final draft. See Tariff Act of 1922, paragraph 1645.

²²House Bill, paragraph 402 of Title IV.

²³Tariff Act of 1922, paragraph 402 of Title IV.

production here and abroad. While this provision is a substitute for American valuation, the impelling force in the adoption of the flexible tariff, and particularly the increased scope of power given to the Tariff Commission, was the strongly felt need of some agency which could give expert opinion where conflicting industrial, and especially sectional, demands were urged.*

The enlarged power of the Commission, however, is practically confined to ascertaining the differences in cost of production or selling prices here and abroad and to the investigation of unfair trade practices. The new law provides: "That in order to regulate the foreign commerce of the United States and to put into force and effect the policy of the Congress by this act intended, whenever the President, upon investigation of the differences in cost of production of articles wholly or in part the growth or product of the United States and of like or similar articles wholly or in part the growth or product of competing foreign countries, shall find it thereby shown that the duties fixed in this act do not equalize the said differences in cost of production in the United States and the principal competing country he shall by such investigation ascertain said differences and determine and proclaim the changes in classification or increases or decreases in any rate of duty provided in this act shown by said ascertained differences in such costs of production necessary to equalize the same."† It is further provided that the total of such increase or decrease shall not exceed 50 per cent of the rates specified in Title I. Other limitations on the exercise of this power prohibit increases in duties where an ad valorem rate based upon foreign valuation is changed into one based upon American valuation, changes in the forms of duties, and transfers from the dutiable list to the free list or from free list to dutiable list.‡

The authority to ascertain differences in cost of production is definitely lodged with the Tariff Commission in these words: "Investigations to assist the President in ascertaining differences in costs of production under this section shall be made by the United States Tariff Commission, and no proclamation shall be issued under this section until such investigation shall have been made. The Commission shall give reasonable public notice of its hearings and shall give reasonable opportunity to parties interested to be present, to produce evidence, and to be heard."§ It will be seen that the action of the President in

*The writer feels warranted in making this statement as he heard several men responsible for the framing of the bill and many prominent business men emphasize the importance of having a tariff based upon the views of experts and with sufficient flexibility to meet changing industrial conditions.

†Tariff Act of 1922, Title III, paragraph 315 (a).

‡*Ibid.*, par. 315a and c.

§*Ibid.*, par. 315c.

making changes in rates of the kind described must be based upon the findings of this body.

The Commission is also authorized to investigate unfair methods of competition or attempts at monopoly in the foreign commerce of the United States. In this capacity the Tariff Commission assists the President in making decisions regarding such practices, and may act on its own initiative in making investigations.*

The provision of the law with regard to differences in American and foreign costs will be very difficult to carry out in view of the practical impossibility of determining costs with any degree of precision in the vast majority of instances. The operation of the law is likely to take the form of an investigation of market prices here and abroad followed by certain rate changes in accordance with these findings." Even here many practical difficulties will readily occur to any one familiar with price statistics and the present-day monetary situation of several important commercial countries abroad.

Aside from the practical difficulties mentioned it is interesting to note that the provision virtually commits the Tariff Commission to a protective tariff policy. Changes in rates are to be determined by differences in cost, the assumption being that an industry whose costs in the United States are higher than those of a similar industry abroad is entitled to a tariff safeguard equivalent to the difference between its own costs and those of its foreign competitor. Differences due to better location or other natural advantages, in so far as they increase the competitive strength of the foreign producer, must be neutralized by a sufficiently high tariff barrier."

It is unfortunate that among the enumerated powers of the Tariff Commission there was not some provision for an investigation of the effect of import duties upon our export trade and our shipping program. In an amendment proposed by Senator Jones of New Mexico such a provision would, in effect, have been incorporated in the new tariff act, and would have made it obligatory upon the Commission "to investigate the operation of customs laws, including their relation to the federal revenue, and their effect upon the export commerce, the industries, and the labor of the country."¹ This provision was voted down, although its purpose is one of great importance in relation to any modern tariff program. It is especially so for a country like

*Act of 1922, Title III, par. 316 (a), (b), (c).

¹This is in a sense virtually provided for in paragraph 318 of Title III in the enumeration of the powers of the Tariff Commission.

²Of course there are limits beyond which even the strongest protectionist would not go; and in the law increases in rates must not exceed 50 per cent of those named in the dutiable list.

³H. R. 7456. Amendment in the Senate of the United States, April 20 (calendar day, July 27), 1922.

ours with the aspirations and the resources to play a big part in foreign commerce. We are endeavoring today to maintain and develop our merchant marine and are expending money lavishly to enlarge our export trade. During recent years the United States has arrived at the status of a creditor country, desirous of maintaining that status, and rather sensitive about any suggestions looking toward debt cancellation. To any one familiar with the factors determining international trade balances the assumption that tariff barriers have no influence on the achievements of these ends must seem like the narrowest provincialism.

In general the act of 1922 must be linked with the acts of 1890, 1897 and 1909 as among the highest, so far as rates are concerned, in our tariff history. As to its probable beneficent or other effects, opinions will vary according to individual leanings with regard to trade policy. It is indeed in line with the intense nationalism which has become so pronounced in recent years and in accord with the general spirit of our laws since the Civil War. A high tariff means, however, a certain amount of commercial isolation, and the question can be raised, "Is this isolation in accord with either our own aspirations or the world's needs?"

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THE FINANCIAL ARGUMENT FOR FEDERAL AID TO EDUCATION: A CRITICISM

For years the school-teachers and others interested in problems of education have been advocating a greater amount of federal activity in behalf of the common schools. During the recent war the presence of a large number of unassimilated immigrants caused a good deal of concern about Americanization, and the fact that many drafted men were found physically defective stimulated an interest in compulsory physical education. As a result an attempt is being made to pass a bill (the Towner-Sterling bill) placing at the disposal of the states one hundred million dollars annually to be expended by them on certain educational activities. In order to stimulate local interest these appropriations are contingent on the expenditure of an equal amount of locally raised funds, but the local or state authorities are expected to spend this money with practically no federal control.

Although there are other reasons also given for this proposed scheme, the principal one is the alleged inability of certain states, especially in the South, to maintain good school systems without financial assistance from the wealthier states. In order to test this argument the accompanying tables are submitted, showing, as well as can be ascertained, the actual wealth and tax burdens of the seventeen states in which the proportionate number of children of school age not attending school was largest, according to the 1920 census. The averages for the whole United States are added for comparison, and also the statistics for New York and Massachusetts, two supposedly wealthy states with good schools, on which a large part of the burden of federal aid would fall.

The Census Bureau has published an estimate of the per capita wealth of all the states in 1912, which shows considerable variation from state to state. Fourteen of the states we are considering had by this estimate less wealth per person than the national average, but three had more. One in fact had the highest per capita in the country. However, the fourteen poor states have all experienced a great rise in the value of farm property since 1912—a rise that, except in Alabama and West Virginia, was greater than that experienced in the other sections of the country. Consequently it is certain that at the present time the per capita wealth of all these states is much greater than in 1912, and almost certain that it increased in most of them more rapidly than in the country at large. The accompanying table (Table A) gives in the first column the census estimates for 1912.

These may be considered the lowest possible estimates of the total wealth of each state per capita, including both taxable and exempt property.

TABLE A.

State	Property per capita: 1912 census estimate	Taxable property: based on 1919 estimate	Per capita income: National Bureau of Econ. Research
Virginia	\$1086	\$1116	\$428
W. Virginia	1800	899	448
N. Carolina	794	1223 ¹	383
S. Carolina	869	915	437
Georgia	883	1035 ²	394
Florida	1307	1235	420
Kentucky	977	1182 ⁴	392
Tennessee	864	713	365
Alabama	964	478 ⁴	345
Mississippi	726	571 ⁴	351
Arkansas	1120	735 ⁴	379
Louisiana	1260	944 ³	429
Oklahoma	2475	824 ⁴	534
Texas	1679	1318	538
New Mexico	1440	1373 ⁴	408
Arizona	2255	2646 ¹	664
Nevada	5038	3487 ⁴	850
Massachusetts	1805	1229	788
New York	2626	1430 ¹	874
U. S. average	1965	(1218)	627

¹Value given in *Report of State Tax Commission for 1920*, divided by population according to census of 1920.

²Estimate of State Tax Commission for 1919, divided by population in 1920.

³Value declared by Board of State Affairs for 1920, divided by population in 1920.

⁴Population according to 1920 census.

The latest published statement of the comparative taxable property of all the states is in the census publication *Financial Statistics of States, 1919*, table 28. This gives the value per capita of all property subject to the general property tax, worked out by multiplying the published assessments by a figure representing the estimated amount of undervaluation. The Census Bureau obtained the opinions of competent judges as to the amount of this undervaluation, and its estimates have been accepted as conservative by students and tax officials in most of the states. In several of these states official investigations have shown that the actual taxable property per capita is considerably greater than the census estimate. The second column of the accompanying table is based largely on this census estimate, but is corrected

by using the actual population in 1920 instead of the estimated population in 1919 where that estimate has turned out to be too large; and in a few designated states the official statements of state officials are taken instead of the census estimates of actual value.

The third column of Table A shows the per capita income of each state as estimated by the National Bureau of Economic Research.

According to these figures Tennessee, Alabama, and Mississippi seem to be very poor states. It is very likely that they are not really as badly off as they seem; a revaluation of their taxable property on a 100 per cent basis might be reasonably expected to show as great an increase as that which occurred in North Carolina in 1920.¹ This North Carolina revaluation showed that the census estimate was not over 75 per cent of the actual value. But taking the census estimates as they stand, the question of the ability of these states to support adequate school systems can only be answered after a consideration of the tax rates required to carry on their governmental activities, and the amount hitherto expended on education.

The extent to which the state government supports the schools and the extent to which local governments contribute to the cost vary so much from state to state that any comparison that left out local contributions would be absolutely misleading. Unfortunately the most recent available statistics that include local units of less than 30,000 population relate to the year 1917-1918. For the purpose of comparing the total amounts spent by states on schools we have taken the amount of expenditures in 1917-1918 and divided by the estimated income and the estimated taxable property in 1919, thus showing the percentage of income, or property, annually spent on public schools (not including universities and colleges). The amount spent in 1912 in relation to the estimated wealth in 1912 is also given, as worked out by the Bureau of Education.²

The situation in urban districts (*i.e.*, cities of 2500 and over) within these states is shown in Table C, which is taken from Bulletin 24, 1920, of the Bureau of Education. This gives the average rate, on the estimated true value of property, that was required to raise the amount spent on schools in these cities in 1917-1918. The rate is seen to be very low in the cities of Virginia, North Carolina, Georgia, Kentucky, Tennessee, Alabama, Mississippi, Louisiana, Texas, and Arizona.

It might be urged that the reason for the small amounts spent on the schools in these states is that they are so poor or so unfavorably situated that other necessary expenses of government tax them to the limit.

¹For further information on this point see appended notes on individual states.

²*Statistics of School Systems, 1917-18*, table 60.

TABLE B.—PROPORTION OF INCOME OR PROPERTY SPENT ON
EDUCATION, BY STATES.

State	Per cent of income, 1918-19	Per cent of taxable property, 1918-19	Per cent of wealth, 1912
Virginia	0.835	.334	.230
W. Virginia	1.062	.482	.218
N. Carolina	0.667	.209	.209
S. Carolina	0.672	.411	.176
Georgia	0.664	.253	.214
Florida	1.145	.292	.222
Kentucky	0.878	.292	.295
Tennessee	0.900	.466	.288
Alabama	0.746	.539	.174
Mississippi	0.677	.417	.209
Arkansas	0.749	.388	.210
Louisiana	0.780	.399	.213
Oklahoma	1.303	.851	.166
Texas	0.975	.407	.211
New Mexico	2.616	1.026	.217
Arizona	1.533	.399	.263
Nevada	1.207	.378	.137
Massachusetts	1.030	.661	.357
New York	0.905	.545	.232
U. S. average	1.121	.597	.257

TABLE C.—TAXATION FOR ALL SCHOOL PURPOSES IN CITIES OF 2500
POPULATION AND OVER, 1917-18.

State	No. of school sys- tems reporting	Average rate on true value of property (dollars per thousand)
Virginia	13	3.14
W. Virginia	14	6.16
N. Carolina	16	1.39
S. Carolina	15	4.15
Georgia	17	2.93
Florida	4	5.43
Kentucky	20	3.64
Tennessee	9	2.77
Alabama	10	2.51
Mississippi	10	3.70
Arkansas	13	4.97
Louisiana	6	2.67
Oklahoma	17	8.16
Texas	37	3.16
New Mexico	2	8.44
Arizona	8	3.75
Nevada	—	—
Massachusetts	115	5.37
New York	89	5.19
U. S.	1300	5.09

To test this assertion Table D is given, which shows the number of cents per \$100 of income or taxable property, in each state, that were required for all the costs of the state government in 1919, and also the costs per capita. The column showing per capita governmental costs is taken from *Financial Statistics of States, 1919*, and is not strictly accurate, because it is based on estimates of the population in 1919 that were proved inaccurate by the census of 1920; but the correct figures would not alter the picture essentially. This error does not affect the other columns.

TABLE D.—NET GOVERNMENTAL COST PAYMENTS, 1919, BY STATES.

States	Per \$100 of income	Per \$100 of property	Per capita
Virginia	\$1.043	\$.415	\$4.64
W. Virginia	.808	.365	3.05
N. Carolina	.639	.200	2.54
S. Carolina	.542	.329	2.40
Georgia	.719	.273	2.80
Florida	1.027	.261	4.45
Kentucky	1.124	.411	4.86
Tennessee	.847	.437	3.12
Alabama	.979	.705	3.32
Mississippi	.946	.582	2.98
Arkansas	.848	.437	3.13
Louisiana	.997	.452	4.08
Oklahoma	.991	.645	4.44
Texas	1.136	.473	6.24
New Mexico	2.205	.860	7.44
Arizona	2.396	.600	19.25
Nevada	2.000	.620	11.47
Massachusetts	1.081	.697	8.57
New York	.993	.607	8.39
U. S. average	.959	.496	6.05

It would seem that Florida, Alabama, Louisiana, Oklahoma, Texas, New Mexico, Arizona and Nevada were pretty heavily taxed, but there are many reasons to doubt that conclusion. These are states with antiquated tax systems and doubtless have much more wealth than their assessors have discovered.¹ Moreover the costs of local government in these states are comparatively small. The latest comparable figures relating to counties and smaller local units are those collected by the Census Bureau for the year 1912-13. In that year the per capita expenditures by county governments were less than the national average in the states of Virginia, West Virginia, North Carolina, South Carolina, Georgia, Kentucky, Tennessee, Alabama, Arkansas, Oklahoma, Texas, and New Mexico. The per capita expenditures for municipal purposes by incorporated places having a population of

¹Cf. appended notes on separate states.

2500 or over were less than the national average in the states of Virginia, West Virginia, North Carolina, South Carolina, Georgia, Florida, Kentucky, Tennessee, Alabama, Mississippi, Louisiana, Arkansas, Oklahoma, Texas, New Mexico, and Arizona. The total per capita levy of ad valorem taxes, by all units of government, was less than the national average in all of these states except Arizona and Nevada. Although expenditures and taxes have increased since 1913 there is no reason to believe that the relative position of the states has changed very much. More light is shed on this point by Table E, which refers to all the cities of 30,000 and over located in these seventeen states. These figures are taken from *Financial Statistics of Cities, 1919*, and show the rate of the general property tax (including city, county, state and school levies), based on the estimated true value of taxable property. The national average for cities of this size was over \$21.00. The low rates in the cities of Virginia, North Carolina, Alabama and Arkansas are striking commentaries on the pleas of poverty sometimes put forward in behalf of those states.

TABLE E.—RATE OF GENERAL PROPERTY TAX ON ESTIMATED TRUE VALUE, FOR ALL PURPOSES, IN CITIES OF 30,000 POPULATION FOR THE FISCAL YEAR 1918-19.

(Dollars per thousand)

Virginia		Tennessee	
Lynchburg	12.93	Chattanooga	20.07
Norfolk	12.23	Knoxville	22.12
Portsmouth	12.03	Memphis	20.16
Richmond	13.68	Nashville	26.98
Roanoke	9.29	Alabama	
W. Virginia		Birmingham	16.80
Charleston	21.75	Mobile	17.40
Huntington	21.40	Montgomery	16.95
Wheeling	11.85	Mississippi	
North Carolina		Jackson	25.81
Charlotte	8.39	Arkansas	
Wilmington	18.00	Little Rock	12.50
Winston-Salem	15.89	Louisiana	
South Carolina		New Orleans	21.75
Charleston	23.26	Shreveport	15.65
Columbia	12.14	Oklahoma	
Georgia		Muskogee	23.07
Atlanta	15.40	Oklahoma City	29.56
Augusta	22.81	Tulsa	33.34
Macon	21.96	Texas	
Savannah	18.30	Austin	23.88
Florida		Dallas	14.85
Jacksonville	21.19	El Paso	19.09
Tampa	25.53	Fort Worth	25.17
Kentucky		Galveston	21.90
Covington	19.24	Houston	21.67
Lexington	20.46	San Antonio	23.53
Louisville	20.33	Waco	25.13
Newport	20.86		

In the face of these facts no one can justly maintain that these states need to be assisted by the federal government on account of poverty. These statistics show plainly that most of the states that have poor school systems have not been taxing themselves as heavily as they could, nor as much as other states have done either for schools or for all governmental purposes. With the exception of Florida, Oklahoma, New Mexico, Arizona, and Nevada, they have been taking a smaller proportion of their citizens' income for educational purposes than is customary in other states. With the exception of New Mexico and possibly Oklahoma they have been spending on schools an unusually small proportion of their taxable property. And, finally, in 1912, except in Kentucky, Tennessee, and Arizona, they devoted a smaller proportion of their total wealth than other states to the public schools. Moreover, there is reason to believe that these statistics are unduly favorable to the states concerned.

The estimates of taxable property used in the foregoing comparisons are those published by the federal Census Bureau or by state tax officials; the estimates of income are those of the National Bureau of Economic Research, which are largely based on the federal income tax returns. A closer scrutiny seems to show that both these sets of figures err on the side of moderation. Comparing the other states with North Carolina and Louisiana, which in 1919 or 1920 made thorough revaluations of their taxable property, it is obvious that all of these states were undervalued even more than the census officials declared. The detailed reasons for this conclusion are given in the appended notes on individual states, and an attempt is made in Table G to show the amounts indicated by this comparison.

TABLE G.—CORRECTED AMOUNTS, TAXABLE PROPERTY, BY STATES, 1920.

State	Taxable property, total	Taxable property, per capita
Virginia	\$2,700,000,000	\$1126
W. Virginia	1,600,000,000	1100
N. Carolina	3,129,423,000	1223
S. Carolina	2,100,000,000	1250
Georgia	3,900,000,000	1350
Florida	1,599,000,000	1235
Kentucky	2,855,000,000	1182
Tennessee	2,300,000,000	1000
Alabama	1,600,000,000	681
Mississippi	1,250,000,000	698
Arkansas	1,287,000,000	735
Louisiana	1,698,563,000	944
Oklahoma	3,000,000,000	1530
Texas	9,000,000,000	1920
New Mexico	495,000,000	1373
Arizona	884,455,682	2646
Nevada	269,000,000	3480

As for the income-tax figures, the Bureau of Economic Research declared that in their estimates of the income of states they assumed an equal amount of understatement and failure to report in each state, but admitted that that was a dangerous assumption. It is of course difficult to measure such a thing, but there are indications that some of the states in this list were unusually delinquent in this respect. In the first place, the percentage of the population who filed returns for the year 1919 was very small in all of them except Arizona and Nevada; but in North and South Carolina, Georgia, Tennessee, Louisiana and Oklahoma the average net income per return was higher than the national average. This indicates a very unusual, if not impossible, distribution of income, but can be explained on the assumption that a large number of persons with small incomes failed to report them. In fact the number of personal returns filed for incomes between \$1000 and \$2000 was less than the number between \$2000 and \$3000 in Alabama, Arizona, Arkansas, Georgia, Kentucky, Mississippi, New Mexico, North Carolina, Oklahoma, South Carolina and Texas. There were only four other states or territories where this was the case. The small number of returns in the lower ranges of incomes can be largely explained without any implication of unusually low political morality. It is an attested fact that a comparatively large proportion of the inhabitants of the southern states are married, and consequently are not required to file tax returns unless their net income exceeds \$2000; moreover, as the average number of persons to a family is in most of these states above the United States average, the exemptions for dependents are more likely to exceed the net income; and many perfectly honest citizens would not go to the trouble of making out an income-tax return if they had no taxable income. In 1919 the head of a family was allowed an exemption of \$2000, besides \$200 for each dependent. The average number of persons in a family in the United States in 1910 was 4.5; in North Carolina 5.0; in Virginia, West Virginia and Texas 4.9; and in all the other southern states except Florida over 4.5. Probably the numbers were not greatly changed in 1919. Another factor causing a small number of income returns in the South is the comparative absence of books of account and the frequency of barter instead of cash transactions. It is very difficult for an untrained person to understand that merchandise and groceries received in exchange for services can constitute income, and even more difficult for him to understand that home-grown vegetables and dairy products are income.

The rental value of homes when owned by the occupant, although really income, is not included in the legal definition of income for purposes of income tax. The Bureau of Economic Research accordingly made an estimate of this item, amounting to 700 million dollars, exclud-

ing the homes of farmers, which they distributed among the states according to the percentage of total income-tax payers resident in each state. A more logical method of distribution would be according to the number of homes (other than farm houses) owned by the occupants, as shown by the census. Unfortunately the figures for 1920 are not available, but if the figures of the 1910 census are used there is a slight increase in the per capita income of all of the southern states on this account.

A comparison of the number of automobiles owned in each state also shows plainly that the income-tax reports do not give an exact picture of their actual income. In the annexed table is given the ratio of the number of motor vehicles in each state to the income-tax reports filed from that state. Inasmuch as many farmers who are not subject to the income tax use automobiles in their business, another column is given, showing the ratio of automobiles not used on farms to the number of income-tax reports filed from each state. There are a surprisingly large number of automobiles run by persons who claim not to have taxable incomes, especially in the states of North Carolina, Oklahoma, Georgia, Florida, South Carolina, Texas, Mississippi and Tennessee.

TABLE F.—AUTOMOBILES AND INCOME-TAX RETURNS, 1919, BY STATES.

States	Returns per motor vehicle	Returns per automobile not used on a farm
Virginia	.80	1.25
W. Virginia	.90	1.18
N. Carolina	.34	.67
S. Carolina	.47	1.00
Georgia	.43	.86
Florida	.56	.79
Kentucky	.67	1.15
Tennessee	.63	.92
Alabama	.69	1.27
Mississippi	.53	.85
Arkansas	.68	1.05
Louisiana	1.04	1.32
Oklahoma	.43	.68
Texas	.53	.80
New Mexico	.59	.94
Arizona	.71	.88
Nevada	.94	1.18
Massachusetts	1.08	1.37
New York	1.26	1.84
U. S. average	.71	1.07

In conclusion it may be repeated that federal aid to these states, for the purpose of education or roads or any other local activities, cannot be justified on the ground of their poverty even if the estimates

of the Census Bureau and the National Bureau of Economic Research are correct. They are at present less burdened with taxes than those states on whom the greater part of the burden of federal aid would fall. If federal subsidies are justifiable it is only on the ground of uniformity of policy and central control, not on account of financial need.

It is true that New Mexico, Arizona and Nevada have a hard problem on account of their large areas and small populations, but Arizona and Nevada have unusually large amounts of property and income per capita, and even New Mexico has more than the ordinary amount of taxable property. The other mountain states have done very well under similar circumstances; these three can also presumably solve their problems without federal aid, other than reasonable payments in lieu of taxes on the large areas of federally owned public lands. As for the other states discussed, the remedy for their situation is in their own hands. A thorough revision of their systems of assessment and taxation will give them adequate revenue; more rigorous attendance laws and closer control of the county school boards by a state department of education will give them good schools.

Notes on Individual States'

1. *Alabama.* The assessed valuation of \$675,162,000 is said by the Census Bureau to be 60 per cent of actual value; the ratio of valuation in the cities is said by the Bureau of Education to be 51 per cent. Alabama is an important mining state, having a capital of \$84,167,000 employed in mining in 1920. The value of farm property reported by the census was \$690,848,000; the resources of banks, reported to the Comptroller of Currency in June, 1920, \$289,486,000. Compared with North Carolina, Alabama had according to the latest reports 91 per cent as large a population, 101 per cent as many persons gainfully employed, 55 per cent as much wealth in farm property, 89 per cent as much capital invested in manufactures, 53 per cent as much bank resources, 156 per cent as many telephones, 51 per cent as many automobiles and 98 per cent as much railway mileage. It seems certain that, if North Carolina's taxable property amounted to \$3,129,000,000, Alabama's must have been at least \$1,600,000,000. This would be equivalent to \$681 per capita, and would mean that they were spending on schools only about \$.38 for each \$100 of taxable property, and that the total costs of their state government amounted to only \$.50 per \$100. These estimates seem to be very conservative. They are confirmed by a comparison with Louisiana. Alabama has one third more persons gainfully employed, one sixth greater value of farm property, 86 per cent as much capital invested in manufactures, and slightly more

*Comparisons are based on reports of the 1920 census, except for telephones (from American Telephone and Telegraph Co. figures for Oct. 1, 1920); automobiles (from National Automobile Chamber of Commerce, *Facts and Figures for 1920*); and bank deposits (from *Report of Comptroller of Currency, for June 1, 1920*).

railway mileage; while the low ratio of Alabama's banks' resources to those of Louisiana (55 per cent) and the smaller number of telephones (83 per cent) are plainly due to the commercial needs of the port of New Orleans. Consequently if Louisiana has a taxable property of nearly \$1,700,000,000, Alabama's can easily be \$1,600,000,000. Alabama had in 1919 an old-fashioned tax system, without income or inheritance taxes, and without adequate central control of assessments.

2. *Arizona.* The census figures are based on a presumed 100 per cent valuation. The Bureau of Education estimated that the assessed valuation in eight cities of Arizona in 1917-18 was only 59 per cent, but the assessments have recently been more accurate.

3. *Arkansas.* The Tax Commission tries to have property assessed at 50 per cent, and applies that rate to public utilities. The census figures are based on an assumed ratio of 43 per cent; the Bureau of Education takes 44 per cent. Arkansas has 97 per cent as many motor vehicles as Louisiana, 156 per cent as great a value of farm property, but considerably less manufacturing capital and bank resources.

4. *Florida.* The valuation is said by the census to be 32 per cent on real property, 21 per cent on personal, and 50 per cent on "other" property. The Bureau of Education used 67 per cent in its study of city valuations. The State Tax Commission in its report for 1917 stated (p. 43) that "each county (should) be required to support its own schools. This is just and right, and every county in the state is now fully able to do this." Florida had no inheritance tax in 1919.

5. *Georgia.* The basis of assessment is stated by the census report to be 40 per cent on real and personal property and 75 per cent on other kinds. The Special Tax Commission of 1918 stated it was 35 per cent on real property and 25 per cent on all kinds together. The State Tax Commissioner in his report for 1919 said it averaged 32.6 per cent, and that the total real value of taxable property was \$3,000,000,000. This figure of \$3,000,000,000 is used in the tables, except Table G, although as high an estimate as \$4,258,919,000 has been made by state tax officials. \$3,900,000,000 seems justified by a comparison with North Carolina, as Georgia has three times as many telephones, 108 per cent as much farm property, 126 per cent as many motor vehicles, 126 per cent as many inhabitants gainfully employed, 67 per cent as much capital invested in manufactures; 120 per cent as large bank resources.

6. *Kentucky.* The Census Bureau estimated the ratio of assessed to actual value as 80 per cent on real and personal and 70 per cent on "other." The Bureau of Education used 85 per cent. Compared with North Carolina, Kentucky had 174 per cent as many telephones, 83 per cent as many motor vehicles, 121 per cent as much farm property, and slightly greater bank resources.

7. *Louisiana.* The census took 50 per cent as the ratio of assessed to actual value. A reassessment of the state by the Board of State Affairs in 1919 showed that this was a very close estimate, for the actual value ascertained was \$1,506,833,000, whereas the census estimate for the pre-

ceding year was \$1,452,582,000. The 1920 valuation, used in the tables, was \$1,698,563,000.

8. *Mississippi.* Assessed valuation of real and personal property in this state is estimated at 60 per cent of actual value by the Census Bureau; the Bureau of Education estimates 67 per cent in cities. "Other" property is taken to be 100 per cent. The total assumed, \$1,021,887,000, is only slightly greater than the value of farm property disclosed at the 1920 census, which was \$964,751,000. In 1919 the capital employed in manufactures amounted to \$154,117,000. It is obvious that the real value is something more than the amount used in the tables—probably at least as much as \$1,250,000,000; for that much is supposed to be possessed by Arkansas, and Mississippi has more farm property, more persons gainfully employed, more capital invested in manufactures, nearly as large bank resources and nearly as many automobiles as Arkansas. Mississippi had 88 per cent as many motor vehicles as Louisiana, 164 per cent as much farm property, one third as much capital invested in manufactures, 49 per cent as great bank resources.

9. *Nevada.* The census estimate of valuation was 70 per cent. The Nevada Tax Commission in 1918 assessed public utilities at 90 per cent. No cities were included in the Bureau of Education's investigation.

10. *New Mexico.* The census took the assessed value to be 75 per cent of the actual. The Bureau of Education in two cities took it to be 92 per cent. A report of the State Tax Commission in February, 1920, showed that on a large number of pieces of real estate recently sold the assessment had averaged 56 per cent of the selling price.

11. *North Carolina.* The basis of assessment is stated by the census report to be 40 per cent on real property and 60 per cent to 75 per cent on other kinds. The reassessment of 1919 by the State Tax Commission showed it was actually about 25 per cent on real property, 53 per cent on personal, and 35 per cent on all kinds together. The figures given in the tables are based on the 1919 state figures and are assumed to be 100 per cent.

12. *Oklahoma.* The assessed valuation is said by the Census Bureau to be 100 per cent, but the Bureau of Education found it 78 per cent in 17 cities. It is plainly not nearly 100 per cent, for the total assessed valuation of real and personal property was only \$1,664,448,000 in 1919, but the value of farm property alone, as disclosed by the census of 1920, was \$1,660,423,000, and Oklahoma had in addition \$740,000,000 of capital invested in mining and \$65,000,000 invested in manufacturing, besides \$28,000,000 in electric light and power stations. The resources of banks amounted to \$593,000,000, in spite of the absence of large cities. Oklahoma's wealth was estimated by the census in 1912 to be twice as great as Louisiana's, two and one half times that of Arkansas, and nearly two thirds that of Texas. If the same proportions hold true of taxable property in 1920, the real value of Oklahoma's taxable property would be well over \$3,000,000,000, and the per capita amount \$1,528 or more. Oklahoma had in 1919 nearly three times as many automobiles as either Arkansas or Louisiana, and 182 per cent as many as North Carolina. Oklahoma has

the reputation of being a wealthy state, and we may be sure that it has much more taxable property than the Census Bureau attributed to it.

13. *South Carolina.* Property in this state is said by the Census Bureau to be assessed at 25 per cent, with the exception of bank stock at 42 per cent and property of foreign corporations at 100 per cent. The Bureau of Education took 95 per cent as representing the situation in fifteen cities; but the Joint Special Committee on Revenue and Taxation appointed by the General Assembly in 1920 reported that the census estimate was approximately correct. An investigation of 640 sales of land in 1917 and 1918 showed average assessments under 30 per cent. Much property had escaped listing entirely, even town lots and buildings in some cases not being assessed; and the committee estimated that between \$250,000,000 and \$300,000,000 of intangible property escaped. The Tax Commission only attempted to tax property engaged in trade at 42 per cent.

Comparing with North Carolina, South Carolina has 75 per cent as many persons gainfully employed, 76 per cent as much farm property, 80 per cent as much capital engaged in manufacturing, 75 per cent as much bank resources, 105 per cent as many telephones, 62 per cent as many automobiles, and 69 per cent as much railway mileage. It would be surprising if she did not have 70 per cent as much property, which would be equivalent to over \$2,100,000,000, instead of the \$1,500,000,000 estimated by the Census Bureau. It seems likely then that the actual proportion of taxes to property is only five sevenths of the amounts given in the tables. South Carolina in 1920 had no inheritance tax.

14. *Tennessee.* According to the Census Bureau real and personal property is assessed at 40 per cent, "other" property at 85 per cent. The Bureau of Education figures on 52 per cent in cities. A special committee appointed by the governor found in 1915 that the Census had not allowed enough for under-assessments; at that time the assessed values were less than 38 per cent of the actual ones. Compared with North Carolina, the state has 92 per cent as many persons gainfully employed, practically the same value in farm property, 83 per cent as much capital employed in manufactures, 105 per cent as much bank resources, three times as many telephones, 76 per cent as many automobiles, 74 per cent as many miles of railroad. The accepted valuation is only 53 per cent of North Carolina's. It would probably be raised to \$2,300,000,000 without exceeding the truth, which would give a per capita value of slightly under \$1,000, with a corresponding reduction of the tax burdens stated in Tables B and D.

15. *Texas.* The census estimate of undervaluation is 50 per cent; the Bureau of Education uses 68 per cent for 38 cities. The Texas Tax Commission, in its 1919 report, stated that 20 per cent was the average assessment, and that much property escaped entirely. If this is true the real value of taxable property is \$15,000,000,000 or more, and the amount per capita over \$3,200; and the ratio of taxes to value of property is the smallest of any state in the Union. Texas had in 1919 over six times as many motor vehicles as Louisiana, nearly eight times as much farm property; nearly four and one half times as much capital invested in mines and wells; one and one fourth times as much capital invested in manufactures; bank

resources two and one half times as great. It is very reasonable to assert that the real value of taxable property in Texas was at least \$9,000,000,000 in 1920, equivalent to \$1,920 per capita.

16. *Virginia.* Real property is said to be assessed at 42 per cent, except that of public service corporations, which is assessed at 75 per cent. Personal property is assessed at 67 per cent, except intangible property, which is supposed to be assessed at 100 per cent. The Bureau of Education reported 69 per cent in thirteen cities. The total valuation, \$2,484,000,000 reckoned by the Census Bureau's method, seems to be a trifle low, but is used in the tables nevertheless. Probably \$2,700,000,000 would be nearer correct, since Virginia has 30 per cent more bank resources than North Carolina, and is in other respects very similar to that state, except that it has only 87 per cent as much railroad mileage and 91 per cent as many automobiles.

17. *West Virginia.* Assessment is 100 per cent according to the Census Bureau; 89 per cent in the cities, according to the Bureau of Education. The assessed valuation of the state is \$1,449,000,000, which would seem to be about right in comparison with North Carolina, were it not for the fact that West Virginia is the second state in the Union in the value of its mineral products, while North Carolina has few minerals. The amount of capital engaged in mining and quarrying in West Virginia in 1920 was \$533,000,000, against \$2,250,000 in North Carolina. It seems necessary therefore to increase the census' estimate of total valuation to at least \$1,600,000,000.

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ECONOMIC CONDITIONS IN EUROPE¹

An opportunity has been given me to discuss the "fundamental underlying economic" conditions in Europe, as distinguished from the less significant financial factors in the situation. Since a study of *economic* conditions involves a very wide range of data, and since the conditions to be discussed vary materially in different countries, my task is obviously not an altogether simple one. I shall endeavor merely to direct attention to the major features in the European economic situation as it stands today.

I. MISLEADING PRODUCTION DATA

We may begin with a discussion of production—for it is commonly believed that the volume of production constitutes the only fundamental index of economic conditions. Commencing with Germany we find that, on the whole, production has been maintained very well until recent months, and that during the last two years it has been materially above the level of 1919. Actual unemployment, as distinguished from partial employment, has been at an almost unprecedentedly low ebb during the greater part of 1922; genuine progress has been made in restoring the merchant fleet; plant and equipment in many lines have been kept in good repair, and even extended. Although it is not true, as is sometimes said, that while financial conditions are growing worse, economic conditions are steadily improving, it is apparently true that production in Germany until recently has been surprisingly good—all things considered. This is apart of course from agriculture, where, owing to unfavorable weather conditions and reduced acreage, the yield on the whole has been distinctly low this year.

Turning now to Czecho-Slovakia, we find a striking contrast with Germany. Industrially, Czecho-Slovakia is at present in desperate straits. For example, whereas from August 1, 1921, to January 1, 1922, the consumption of raw cotton was 158,495 bales, from February 1 to August 1, 1922, it was only 114,313 bales, the number of employees in the industry meanwhile being reduced from 140,000 to 100,000. Coal output in June, 1922, was only 740,000 metric tons, as compared with 1,067,000 tons in March, 1922, and a monthly average of 1,186,000 tons in 1913.² Other industries are in similar condition. Czecho-Slovakia is obviously in a very unenviable position, so far as production is concerned.

¹This paper was read at the Thirty-fifth Annual Meeting of the American Economic Association, held in Chicago, December 29, 1922.

²For this and other data on Czecho-Slovakia see *Federal Reserve Bulletin*, Dec., 1922, pp. 1450-52.

Another contrast is to be found between France and Great Britain. In France, the volume of unemployment has been small, and, although some trades have been depressed, production on the whole has been better than might have been expected. True, trade figures are far from encouraging, as is evident from the fact that the basis of calculating foreign trade has been changed with a view to making things appear better than they are. Nevertheless, France has done exceptionally well, relatively speaking. Most important of all, the restoration of the devastated areas has proceeded steadily, thus adding to next year's productive capacity.

Great Britain, on the other hand, has witnessed almost no recovery from the extreme depression of 1921. Unemployment has been decreased but slightly, while the volume of production is very low as compared with pre-war years, and even as compared with 1920. Pig-iron production in June, 1920, for example, was 726,000 tons, as compared with 399,000 in July, 1922, while the steel output had declined from 845,000 tons to 473,000 tons during the same period.¹ Export trade figures, similarly, indicate only a very slight improvement over the preceding year. Fundamentally, England is apparently in a bad way.

I might go on and contrast conditions in the Scandinavian peninsula with those in Italy and in Jugo-Slavia; but it would add nothing significant to the divergencies already noted. I might also, if I were so disposed, proceed to the conclusion that Europe on the whole is convalescing slowly but surely—by employing a skilful eclecticism which stresses production indexes when speaking of Germany and France, and emphasizes financial conditions when speaking of England and Czecho-Slovakia. Or, I might leave with you the inference that the depression which has affected production so adversely in Czecho-Slovakia is but temporary, while the boom that has sustained production in Germany is permanent. Such deductions would, however, not be altogether convincing. It seems a bit paradoxical, to say the least, that England and Czecho-Slovakia, the two countries that have followed the advice of the experts and are hence soundest financially, are in the worst situation, economically speaking. I have apparently made a bad beginning.

II. "FUNDAMENTAL" FACTORS OF PRODUCTION SUBSTANTIALLY INTACT

Suppose we make a new start and attempt to get beneath the production figures of the moment, which may perhaps be strongly influenced by *temporary* conditions. Let us consider the underlying

¹*Federal Reserve Bulletin*, Dec., 1922, p. 1430. . . .

factors of production—namely, land, labor, plant and equipment (capital goods), and business management; for in the long run are not these the fundamentally significant elements in the European situation?

Taking Europe as a whole, the land area is practically unchanged, and the fertility of the soil has apparently not been greatly reduced. The devastated areas, quantitatively insignificant, have in large measure already been restored. Hence one may fairly say that the land factor is substantially intact.

With labor, the problem is not quite so simple. In certain countries the population has been appreciably reduced, particularly that portion of the population which is at the most productive age. More significant, perhaps, is the general insistence on a substantial shortening of the working day without any increase in the output per hour. In some countries, also, chronic undernourishment has seriously reduced the vitality of the working population. Without minimizing the well-known effects of a great war upon the productive capacity of the population, it remains true, I think, that if other conditions were favorable the labor factor would take care of itself considerably sooner than is commonly supposed. At any rate, it bears emphasizing, there is at present a labor surplus rather than a shortage.

With business management—the fourth factor—we have little cause for concern. I see no reason to believe that entrepreneurship has suffered a decline in either quantity or quality during the war or since.

With plant and equipment (capital goods), the problem is, of course, much more difficult. Undoubtedly Europe is considerably short of the supply of capital goods that would have existed had the war not occurred. Still, I am one of those who believe that if we could somehow devote ourselves to the replacement and extension of plant and equipment with an energy equal to that with which we engaged in war production, our supply of capital goods could be completely restored within a few years.

Judged by these fundamental factors of production, is it not therefore clear that European economic recovery is certain to be shortly achieved? Such is unfortunately emphatically not the case, for an analysis of these classic factors of production omits from consideration certain vitally important elements in the situation which, if I may be permitted to add another term to the impoverished language of economics, I would call *conjunctural* factors. I can explain what I mean by *conjunctural* factors in the economic situation, and the significance thereof, only by means of concrete illustrations. I may merely state at this place that the *conjunctural* factors relate not to the individual business, but to the larger economic system in which the

individual business with its fundamental factors of production has its setting.

III. FINANCIAL POLICIES AND THE VOLUME OF PRODUCTION

We may draw our first illustration from France. Reconstruction of the French devastated areas would not have been possible during the last three years without fiscal inflation—the necessary liquid funds were obtainable by no other means. France has rebuilt a large portion of the destroyed areas, and, in the process, indirectly stimulated construction and related industries by continuing to run an annual government deficit of from twenty-five to thirty billions of francs, a yearly deficit which has already increased the domestic debt to a point which absorbs the larger part of the total revenues from taxation in meeting interest charges alone. I shall discuss the French budgetary situation more in detail directly. For the moment I am concerned only with pointing out that the good *economic* showing in France has been obtained only at fearful cost to the French budget. Can any one deny that Great Britain's production and trade figures would have been much larger if the army of unemployed during the past two years had been set to work at public expense building houses, factories, roads, etc? But will any economist contend that Great Britain would have been in a fundamentally stronger economic position now than she is in fact if she had been wholly unconcerned about the budget, and had financed trade and industry out of treasury deficits? Rather the cry of disastrous inflation would have been sounded by economists everywhere. Notwithstanding, it is the current practice to point to French production figures as definite evidence of French recovery. Thus are the theories of Ford and Edison simultaneously condemned and extolled.

Similarly, Germany's relatively favorable production has been obtained by financial methods beyond the economic pale. Germany has subsidized, directly or indirectly, shipbuilding, coal production, and housing, and, through the processes of inflation, has stimulated—for a time—practically every division of industry. The subsidized production of commodity deliveries in payment of reparations may also be mentioned. By keeping rents practically at a pre-war level, by controlling the price of bread and other basic necessities, Germany has been able to maintain a substantial differential between domestic costs of production and selling prices abroad, thus furnishing a temporary stimulus to trade. I am aware that this policy has not had the expected result of actually increasing exports; but it has undoubtedly prevented a very substantial decline of German exports and German production. If Germany had been employing sound financial methods

since the war, there would have been a wholly different production story than the one outlined above.

I say this, fully aware that in the end such inflation is disastrous in its economic consequences. At first the flow of manufactured money to the channels of production gave a decided stimulus to output—vitalizing the industrial organism like new blood circulating through the body. Later, however, a state of fever inevitably developed, which, while it did not for a time fully offset the tonic effects of the steady flow of new money through industrial channels, gradually began to undermine the whole system, morally as well as physically. As time proceeded, the blood itself grew thinner and thinner, and the consuming fires of the fever burned steadily brighter. If one may personify the German state, one may say that that individual is now suffering simultaneously from pernicious anaemia and delirium tremens. Production has recently declined, unemployment is increasing, and fundamental economic and social disintegration is in process. Repairs and extensions to plant and equipment may still be made in the hope of escaping taxes, or because, everything considered, the loss entailed is less when funds are put into real estate development than when used for any other purpose except immediate consumption. No German business man, however, knows whether or not he is making profits; it is impossible any longer to compute day-to-day earnings in foreign values with any degree of accuracy; and, even if one could, by the time the computation was finished it would have become obsolete. When the price of a meal can increase 10 per cent between the first and second courses, it is clear that price indexes are rather difficult to keep pace with. It is not surprising that the national motto of Germany has become: "Save, and you are lost; spend freely, speculate, or buy foreign currencies, and you win." No class in society can under present circumstances make provision for old age or effect savings for the rainy day.

By no means least serious of the consequences of such a situation, is its effect upon the different groups in society. As has been well said, it creates a country divided into three classes: "One that suffers silently and goes under in decency; another that profiteers cynically and spends recklessly; and a third that writhes in desperation and wishes to destroy in blind fury whatever is left of a government and of a society that permits such conditions."

But all this, it may be said, is only a *temporary* state of affairs; when the German financial house has been put in order we shall find that the industrial system of Germany, which is said to be still intact, will show a prompt recovery. Within a very few years may not Germany again flourish like the green bay tree? Four possible alternatives on the financial side lie before Germany: (1) An indefinite con-

tinuance of the inflationary process, with the value of the mark approaching but never reaching zero; (2) A complete collapse of monetary values, presumably because of the refusal of the agricultural classes or foreign speculators any longer to take German paper money at any price; (3) Deflation; and (4) Stabilization at some definite ratio of paper to gold.

I shall not attempt to predict which of these alternatives will prevail. I shall merely indicate what is involved in each. Any one of the first three would have disastrous economic consequences. The first may be passed without discussion. It has already been indicated that if the mark does continue to depreciate indefinitely the economic outlook for Germany is dark indeed. The second alternative—that of a complete collapse of paper money values—has given rise to many differences of opinion. Those who contend that it would have no serious consequences usually argue that Germany would immediately use foreign currencies. Indeed, it is frequently contended that Germany is already using foreign currencies to a very considerable degree. This statement, however, reveals some confusion of mind as to the functions of money. Germany is using, to some extent, foreign currency as a basis of reckoning—as a measure or standard of values; though even here, a recent law has greatly restricted the possibility. But Germany is not using, nor can Germany use, foreign currency to any appreciable extent as a medium of exchange. If evidence is needed on this point, I refer to the 123,000,000,000 mark increase in paper circulation in Germany in the second week of December. How can Germany use American dollars which she does not possess for the purpose of paying wages, paying salaries, buying raw materials, or exchanging finished commodities? The foreign bank balances of German banks and citizens are now the basis of Germany's import trade, and they must therefore be maintained abroad.

If it does indeed turn out that Germany's paper currency becomes utterly worthless, the immediate difficulties may be conceived by inquiring how the city of Chicago, for example, would conduct its manifold activities by means of barter. But barter, it may be urged, is not the *necessary* alternative. For, as in our own colonial days, in France at the time of the Revolution, and in Mexico only recently, specie would appear out of hoards, and in less time than it takes to tell it, metallic currency would have replaced paper in the channels of circulation. These analogies, however, are not at all convincing, because of the dissimilarity of conditions prevailing. These historic paper currency episodes, including that in Mexico, all occurred under primitive economic conditions—with rural and household economy dominant. Money was used only as a medium for exchanging goods at retail; the wage system had not developed; bonds and stock, finan-

cial markets, commercial and investment banking were practically unknown; the price system was only in its incubation stage; trade was largely local; and there was little, if any, economic interdependency between regions or parts of the economic system. In a word, there were almost no *conjunctural* factors in the situation.

When finance went to pieces in Colonial days, nearly everybody could go on producing the food required for subsistence on the farms and in their own back yards, and in making at home at least many of the things required for comfort and convenience. It does not follow that a collapse in currency values under a highly developed, delicately adjusted, profit-seeking, capitalistic system, where business is set in the midst of a complex financial and price mechanism which governs and controls nearly all economic activity, would have no more serious consequences. The financial evolution of the last half century has created huge classes dependent upon investments in stocks, bonds, savings banks, insurance companies, etc., and huge urban populations dependent for their daily existence upon the smooth functioning of the delicate machinery of international finance and commerce. The present situation thus differs fundamentally from any that has hitherto existed in the world.

In these earlier cases, there existed, also, considerable hoards of specie. Gradually this money could be brought out of its hiding places and used directly by the individual owners thereof in buying and exchanging commodities. The recent complete collapse of paper currency values in Mexico involved similar conditions, with the added factor that Mexico was a large silver-producing country, the metal going directly into the channels of trade. But in Germany today there are no appreciable hoards of specie that can be resurrected and put into the channels of circulation; and very little would be attracted from abroad under the conditions prevailing.

The national gold supply is, moreover, concentrated in the Reichsbank, and this gold could find its way into the channels of circulation only through the indirect processes of bank loaning. Under the chaotic business conditions that would prevail, it requires a vivid imagination indeed to picture the managers of the German banking system distributing this specie throughout the channels of circulation, making it available for wage payments, for salaries, for interest on bonds, for the purchase and sale of securities, for the purchase of raw materials, etc., etc., etc., in such a way as to permit the whole delicate industrial and financial mechanism to function in a normal fashion. The truth is we have never yet had an opportunity to observe what will happen in a fully developed, capitalistic state when monetary values completely collapse.

For another primary reason, I place little reliance upon these histor-

ical analogies. The increasing complexity of the world's economic organization has been accompanied on the one hand by the growth of political democracy, and on the other by the evolution of organized groups of workers in the urban industrial centers, to whom, in most nations of Europe, has now passed the political balance of power. Can the innate common sense and economic wisdom of the masses be relied upon in a period of severe economic maladjustment to bring us safely through? It is, at least, a debatable question. Clearly, if economic conditions are to improve in Germany, we must avoid a complete collapse of currency values at all hazards.

The third alternative may be quickly dismissed. Deflation of the German mark all the way back, or even for a substantial part of the way back, to pre-war values, would leave Germany completely prostrated industrially. Fortunately, that interesting doctrine so widely current in economic circles three years ago, namely, that deflation and increased production (effected simultaneously) were the twin remedies for post-war ills, is now pretty well in the background.*

The fourth alternative, stabilization, is obviously the one that Germany must strive to achieve. Now it is, I think, unanimously conceded that stabilization of the domestic currency in Germany, or elsewhere, requires—if it is to be long maintained—a balancing of the budget and a cessation of the issuing of further paper currency. I say a balancing of the budget, bearing in mind that there are those who contend that the budget does not need to be actually balanced; that it is only necessary to cover the deficit by the issue of bonds rather than by the issue of paper currency. I shall discuss this matter below in connection with the French budget. Up to this point, I have been indicating the conjunctural relationships between private finance, that is, banking and currency, and the underlying factors of production—land, labor, capital, and business management. We must now invade the field of public finance. Starting on the economic side of the fence, I have thus been forced up and over the barriers into the whole realm of private and public finance.

What is involved in balancing budgets? The answer is—everything is involved in balancing budgets, economically, socially, and politically. The hiatus between taxation revenues and expenditures has been reduced but little in any continental country during the past eighteen months, and in such important nations as Germany and France it has actually increased. Even the neutral countries have

*Czecho-Slovakia, even, with a relatively slight deflation, is the latest European country to learn a lesson in this connection, as is evidenced by the recent announcement of the Finance Minister that the crown must *not* be allowed to rise any further.

not been able to come near making ends meet. The reasons are essentially as follows:

(1) Taxation in proportion to per capita income is now so much heavier than before the war that no politician, however strong at the moment, dares impose essentially heavier rates. If higher rates were levied, the cost of collection would, in most cases, probably exceed the yield.

(2) Most of the expenditures are irreducible under present unsettled conditions. (a) Doses, pensions and food subsidies constitute the price that must be paid for the maintenance of parties in power, if not for the prevention of revolution. (b) The lopping off of subsidies to railroads and public utilities does not necessarily reduce government deficits proportionately, if at all. Last winter, under Allied compulsion, the Germans raised railroad rates. But very quickly, because of the effect of higher railroad rates on costs and prices in general, it became necessary to raise the wages of all government employees, adding, according to estimates, nearly 20 billions to the government deficit. Other factors were of course contributory to the rise in prices. (c) Ordinary administration expenditures can scarcely be reduced at all, even in the United States, for reasons well stated by President Harding in his recent budget message. (d) As a practical matter, whatever may be theoretically possible, interest on bonds cannot be reduced, nor can the principal of the domestic debt be scaled down. This because of the political influence of the rentier class, and the effects of partial repudiation upon public credit both at home and abroad. Repudiation may well occur ultimately; but it will be resisted as long as resistance is possible. (e) Military expenditures cannot be materially reduced as long as the present unsettled political conditions persist.

The most intelligent remark I have yet heard with reference to the European budgetary situation is that of Mr. Frank A. Vanderlip, who, after a series of conferences with more than a dozen Finance Ministers of Europe, stated that under the circumstances prevailing he did not believe that he could have done any better than they had done.

IV. THE INTERDEPENDENCE OF PUBLIC AND PRIVATE FINANCE

There are those, however, who insist that we need not be concerned over government deficits, that public finance is a thing apart from private finance. It is remarkable how widespread is this delusion—it has been voiced by some of the leading economists of the world, on both sides of the Atlantic. True, it is usually recognized that if deficits are met by paper currency issues the result is bad; but if the

deficiency is obtained through loans, it is believed that no one need be concerned. France is the favorite example cited.

I have recently computed that by 1925, as a result of the accruing deficits, the French expenditures for purely domestic purposes will be about 34 billion francs, assuming all reconstruction expenditures ended at that time. Of this, 18 billions will be interest on domestic debt; 5 billions pensions; 5 billions military; and about 6 billions for general administrative purposes. If military expenditures be cut 50 per cent and general administrative expenditures be reduced 20 per cent, incomparably better than even a Dawes could do for us, the total will still be above 30 billion francs, exclusive of interest on the foreign debt. French tax revenues, meanwhile, have never yet equalled 20 billion francs. As it stands, the French tax burden in proportion to per capita income is roughly double that of the United States, including federal, state, and local taxes. It is becoming increasingly difficult in France to float new loans and the yield on bonds has recently been above 6.50 per cent. It is, moreover, impossible to refund existing bonds at lower rates as long as a huge deficit exists. The issue of additional paper currency within a very few years appears unavoidable.*

This doctrine that business can thrive and thrive permanently regardless of the condition of public finance interests me so much that I must take just a moment to outline the British fiscal situation. Those plucky Britons have faced the music; they are devoting approximately 30 per cent of the national income to public expenditures. Is this without business or economic consequences? Here is what is occurring: The savable surplus formerly devoted by the well-to-do classes of England to investment at home and abroad is now largely diverted to the Treasury, whence it is mainly used for purposes that are not constructive. Some of it goes for the maintenance of an enlarged military establishment; some of it to pay interest to an idle rentier class; some of it for pensioners; some of it—approximately £100,000,000 out of a total expenditure of £900,000,000—for doles and relief. The net result is that the savable surplus of the well-to-do is now largely, if not wholly, consumed—unproductively consumed.

The balance in Great Britain's international accounts was last year (1921) on the debit side by £30,000,000, that is to say, her *invisible* credit items did not by that amount equal her excess of trade imports. 1922 returns, due mainly to a (presumably temporary) reduction of food imports will, however, probably show a small credit.

*For a fuller analysis of the French fiscal situation, as well as for a more extended statement of the intimate relationship between public finance and currency inflation, see my article entitled "The Prospects for Stable Money Abroad," in *Proceedings, Academy of Political Science*, vol. 10, no. 2, pp. 292-302.

In this budgetary and international trade situation is mirrored the fundamental economic status of Great Britain at the present time. If not actually living on her capital, Great Britain is very near the point of doing so. The only hope of improvement lies in a revival of foreign trade, and this means primarily a revival of continental purchases where Great Britain's richest markets lie. Meanwhile, the tax burden must increase if the budget balance is to be maintained; because the sale of surplus war stocks and other capital assets, which this year still yielded a full 10 per cent of the revenue, is a rapidly vanishing resource.

V. THE DISRUPTION OF THE INTERNATIONAL ECONOMIC SYSTEM

Having briefly discussed the bearing of social and political considerations upon fiscal problems and the close nexus between public and private finance, and having indicated in some detail how intricately finance and business are interrelated, we may turn to certain other conjunctural factors in the European economic situation. I shall discuss now certain national and regional maladjustments.

Consider the situation of Spain. The land area is intact; the labor supply has increased since 1914 in quantity if not in quality; the supply of capital goods was greatly expanded during the war; and much valuable managerial experience was gained. Spain, then, ought to be in a most gratifying condition. Ought! but isn't. The trouble is largely one of markets. The war demands having ceased, Spain's new industries are unable to function. High prices, unemployment, etc., have, moreover, given rise to a very difficult social, and hence political, situation. The government budget also presents a sorry picture.

Consider Switzerland. Natural resources intact; population enlarged; capital goods increased; management improved; and with banking coffers overflowing with gold. Swiss economic conditions should leave nothing to be desired. The Swiss economic organization is, however, out of joint with that of the rest of the world. Before the war Switzerland exported visible luxuries and "invisible" scenery sufficient in amount to pay for her food, about three fourths of which had to be imported. At the present time the people of Europe, at least, must curtail their purchase of Swiss luxuries, and they have more important uses for their money than the purchase of Swiss scenery. Meanwhile, the Swiss need for food is as great as ever. I conclude therefore that Switzerland is in a very bad way economically. All of the neutrals, in fact, have economic resources in abundance; but they are in considerable measure impotent because the general economic organization is out of joint.

The German Industrial System is Not Intact

We must return once more to Germany. It is urged repeatedly that if Germany can once straighten out her finances she will quickly regain her pre-war economic strength; for, after all, her economic system, it is said, is practically unimpaired. What is seen is that the land, the labor, the plant and equipment, and the management are all substantially intact. What is not seen is that these factors have become in considerable measure economically impotent, in consequence of far-reaching maladjustments in the larger economic organization.

In the 44 years from the founding of the Empire to 1914, Germany was transformed from a largely self-contained agricultural community into a complex capitalistic state, the financial and commercial threads of which were intricately interwoven with the world economic organization. In brief, Germany imported on the average during the three years before the war 10,389,000,000 gold marks worth of goods and exported 9,053,000,000 marks worth. She also had net imports of specie averaging 233 million gold marks. This adverse commodity and specie balance of 1,569,000,000 gold marks was paid for with invisible credits, interest on foreign investments, shipping earnings, banking and insurance commissions, etc. In the single year 1913 these items yielded about 1,750,000,000 gold marks, leaving as nearly as it can be estimated about 750,000,000 gold marks for new investment abroad. The average, however, was considerably less than this amount.

Since the war the invisible accounts have been practically eliminated. The interest item has been reduced from 1 billion gold marks to less than 200 million, most of which is not a *realizable* asset for Germany under present circumstances. Shipping earnings are nil, although this year there is apparently no longer an adverse balance on this account. Banking and insurance earnings have also disappeared.

Now—and here lies the fundamental economic trouble—although the total imports in 1921 were but 4.5 billions gold marks (1921 gold prices) as compared with 10.8 billions in 1913 at the prices then obtaining, roughly one fourth the total volume, the gap between exports and imports was not closed; for exports have fallen in even greater proportion than imports. The adverse trade and specie balance in 1920 was 1.9 billion gold marks; in 1921 it was 1.1 billion; and for the first nine months of 1922 it was about 1.7 billions gold marks.

How has this adverse balance been met? Without going into a detailed discussion, it may be summarily stated that it has been met in largest measure by the sale of paper marks abroad; it has been met to some extent by borrowing; and in some degree by the sale to foreigners of capital assets. These means are now all but exhausted; and this

is why Germany this very winter is confronted with a real possibility of a food famine in the industrial centers. Without credit Germany can no longer purchase the food supplies and raw materials required for the maintenance of her population and the operation of her industries. And German credit is undoubtedly bad.

The pre-war German industrialism was built primarily on cheap domestic coal which facilitated the fabrication of raw materials—largely imported—into finished products for export. These coal resources have now been very greatly reduced; and at the present time Germany is being forced to import coal from Great Britain at heavy cost in order to make reparations deliveries to France. The European coal trade, including that of the Saar, has been diverted from its normal channels with disastrous economic consequences.

But this is not the most serious disorganization in the German economic system. Even with coal resources restored the problem of markets for German exports would remain. Assuming import credits are extended to Germany with which to buy enlarged supplies of food and raw materials, and assuming adequate productive capacity within Germany, where will she sell her finished wares in a volume sufficient to permit her to pay for her *necessary* imports, let alone pay reparations either in cash or kind? Before the war about 24 per cent of the value of all of Germany's exports went to Russia, Finland and West Poland, Austria-Hungary, the Balkans and Turkey. Now the purchasing power in all these regions is very greatly reduced, partly because of bolshevism and new wars; partly by the economic impoverishment directly due to the Great War itself; and partly because that *economic* empire of Central, Eastern, and Southeastern Europe of which Germany was the center has been completely disorganized as a result of the war and the peace.

Modern Germany has been the economic pivot of the greater portion of continental Europe, organizing and controlling through commercial, shipping, and financial connections the major part of the economic development that occurred in Eastern and Southeastern Europe in the generation before the war. It is hardly too much to say that the development of the German (and Austrian) financial system was the principal factor in widening the territorial boundaries of the capitalistic system in Europe, thereby promoting productive efficiency and making possible an increase of population in all of Europe east of the Rhine, including to some extent North Italy. The economic life of that whole great area from the North Sea south and east to the borders of Asia, if not to Bagdad, radiated from the financial and commercial offices of Hamburg, Berlin, Frankfort and Vienna.

This intricate economic system has now been broken down. In consequence of this and other factors, eastern and southeastern Europe

has rapidly deteriorated as a producing, and hence as a consuming, region for the products of German manufacture. This affects Germany in two vital, if not fatal, ways. First, already observed, Germany cannot sell goods there in the usual quantities, and hence she can neither pay for the necessary imports nor operate her factories profitably. Second, Germany cannot draw foodstuffs and raw materials from these nearby regions; she is forced to import from distant sources of supply at much greater cost. It is factors such as these that are the controlling forces in the German economic situation. These factors, moreover, all have an important bearing on the ability of the government to increase taxes and to balance the budget, and thus we get back once more to the difficulties in stabilizing the currency.

Meanwhile, the huge German urban population whose very existence was made possible by the evolution of the pre-war European economic system remains to be fed, housed and clothed. A breakdown of German industrialism can only spell disaster to the denizens of urban desert communities. Starvation or emigration would present the only alternatives for some millions of people.

The Impotence of the Individual

The notion that somewhere down underneath the surface of things the people are at work like beavers in reconstructing the foundations of the economic edifice and that good old human nature may be relied upon to achieve the economic salvation of Europe, regardless of financial ills or of the policies of politicians, is based on assumptions that were applicable in the age of Crusoe and even under the primitive rural conditions obtaining only a few generations ago in the United States; but they have little pertinence in the interdependent economic organization of today. The individual business man with his land, labor and capital goods is today in the fell clutch of economic circumstances, over which as an individual he has practically no control. The individual is no longer the master of his own economic destiny. I am not distressed, you will observe, over the nature of man; it is the nature of the economic system with which we have to deal.

Agricultural versus Industrial Nations

Again, I am not primarily concerned over the agricultural countries of Europe. It is the highly developed industrial nations with dependent populations concentrated in urban communities whose conditions are critical. Whether or not the currency continues to depreciate, it is possible for industrial states to break down economically because of the loss of markets and the disruption of the general economic organization of which it is a dependent part. Agricultural

populations, because of contact with the soil, will in the nature of things suffer less than urban peoples; but it is a mistake to assume that if industrial cities deteriorate agriculture can escape serious retrogression. It was William J. Bryan who said, "Destroy our farms, and the grass will grow in the streets of every city in the country." It is also true that if our cities be destroyed the weeds will grow on every farm. Agriculture is dependent upon industry, even as industry is dependent upon agriculture. The growth of agricultural population, the intensive development of old agricultural areas and the extensive development of new ones that has occurred during the last century, have been made possible only by the growth of great urban populations and the huge industrial production, *and demand*, that accompanied the evolution of the modern industrial system. If the highly developed industrial organization of the present day is set back for a generation or so, it will be impossible for the agricultural prosperity that accompanied the rise of the industrial system to hold its present position. While those engaged in agriculture may retain a large measure of economic security, they will not be engaging in profitable agriculture, and they will not be able to maintain present standards of living.

Other Maladjustments

Space does not permit me to elaborate upon other conjunctural factors in the present situation. I may merely make reference to the redistribution of the world's gold supply, the dislocation of the exchanges, and the dispersion of prices as between different groups of commodities, different regions, and different nations. All of these factors increase the difficulties of stabilizing prices and of restoring the pre-war equilibrium to which the world economic system had adjusted itself.

Economic conditions in Europe, then, are still wholly unsettled. The year 1923, in the absence of significant political and economic reforms, will be considerably worse than 1922. The focus of the problem is in Germany. A breakdown, partial or complete, of the German industrial machine cannot fail to produce serious repercussions in other European countries, and thus intensify the present stupendous difficulties.

VI. THE UNITY OF THE PROBLEM

By way of recapitulation and emphasis, I think I may best make clear my point of view by stressing three primary interrelations: First, the economic system is closely interlaced with finance, both public and private. Second, no one European nation can recover its economic and financial equilibrium independently of the others. We are dealing

with an economic and financial structure that is largely oblivious of national boundaries.' Third, both economic and financial conditions are inextricably involved with the whole European political situation. Every international economic conference, whether under public or private auspices, has run, and will run, squarely up against politics.

If I have not succeeded in this analysis in discussing the "fundamental underlying economic" conditions in Europe separately and apart from the "unimportant financial and political" conditions, as so many economists still attempt to do, I hope the reader will understand that it is due to the perversity of the facts rather than to the perversity of the writer. If I have implied that "financial" conditions and "economic" conditions are not respectively overlying and underlying factors in the situation, it is only because these factors are inseparable in the realm of reality however much they may be pigeon-holed in certain schools of theory. If I have given the impression that production and economic conditions generally are, in a highly developed industrial world, largely controlled by social and political considerations working through the media of public and private finance, it is because such unfortunately appears to be the case.

It is not my purpose on this occasion even to touch upon the outlines of a European reconstruction policy. I am concerned only with a method of approach, with a point of view, namely, that the problem must be dealt with as a unified whole. We have had so many panaceas since the war, that it wearies one even to enumerate them: thrift, hard work, the natural resiliency of the economic system, foreign credits, increased taxation, disarmament, deflation, new banks of issue, stabilized exchanges, stabilized domestic currencies, cancelation of inter-allied debts, reduction of reparations, etc. It is certainly high time that we recognize that each link in the chain of economic and political relations supports every other.

Just as unbalanced trade has helped to depreciate the exchanges, and as the depreciated exchanges in turn have helped to unbalance trade; just as unbalanced budgets have served to inflate the currencies, and in turn as currency inflation has increased the budgetary difficulties; just as the granting of huge loans to Europe has thrown the economic balance of the world out of adjustment, and as the attempt of European nations to pay debts and indemnities further increases budgetary difficulties and unsettles international trade and financial relations—so also the return to international economic stability depends upon manifold factors. Stabilization of the foreign

*In this connection, I must refer to the excellent article in the December *Federal Reserve Bulletin*, discussing the attempt of Czecho-Slovakia to accomplish the impossible.

exchanges depends upon stabilization of domestic prices; stabilization of domestic prices depends upon controlling paper money issues; controlling paper money issues depends upon the balancing of budgets; and the balancing of budgets depends upon the reduction of armaments and upon economic prosperity—and all depend upon effective international coöperation in the solution of problems which are essentially international in their scope.

When that day arrives when the nations of the world are less concerned with forcing industry and trade into unwonted channels, less intent upon simultaneously demanding and *preventing* the payment of debts and reparations, and more intent upon facilitating the restoration of industry, upon promoting the free flow of commerce through its usual channels, and upon the restoration of a balanced state of international trade—only when that day arrives will one be able to say that Europe is once more headed in the direction of genuine economic prosperity.

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THE EUROPEAN FINANCIAL SITUATION AND POSSIBLE REMEDIES¹

Any fundamental solution of the European problem must involve drastic reforms on the continent of Europe itself. The main items are:

1. *Public finances.* (a) Taxes must be greatly increased and public expenditures greatly diminished so that current revenues will not only meet current expenditures but also suffice to permit some amortization of public debt. This does not mean merely that "budgets" must be balanced, since the term "budget" is often a misleading term which omits major items of expenditure.

(b) Floating debts must be funded into long-term issues.

2. *Currency.* Drastic currency reform is called for, aimed at an early restoration of actual gold redemption (or of redemption of the local currency in gold exchange). In Great Britain a restoration of the old gold parity should be looked for. Most of the Continental belligerents, however, will do best to establish new, and much lower, gold pars. Restoration of the old gold pars would involve such heavy increase in the burden of public debts, and such violent declines in commodity prices, as to make it almost impossible to accomplish. More is to be gained by early restoration of stability than by aiming at a remote and improbable restoration of the old pars. Fluctuating paper money is the most serious single impediment to industrial progress in Europe.

3. *German reparations.* There must be a rational economic settlement of the German reparations question, based on a dispassionate economic analysis of Germany's ability to pay.

4. *Trade barriers.* Trade relations within Europe must be made far freer than they are now, and in particular tariff barriers among the small states of Eastern Europe must be moderated very greatly. (Our own tariff policy must also be changed.)

5. *Industry and outside capital.* Industry in Europe must revive. It can be made to revive, however, if the reforms above indicated are accomplished, and if outside help in the form of new capital is obtained. If the reforms are accomplished, moreover, the outside help will be readily forthcoming.

Finance ministers in Europe appreciate the need for these reforms. They find it politically almost impossible to bring them about. They need outside encouragement and outside help. The reluctance of tax payers to assume new burdens, on the one hand, and the pressure upon

¹At the Thirty-fifth Annual Meeting of the American Economic Association, held in Chicago, December 29, 1922, Dr. B. M. Anderson, Jr., spoke without notes, but has made an abstract of his remarks, which is herewith printed.

the treasuries for continued extraordinary expenditure for pensions, reconstruction, bread subsidies, unemployment subsidies, increased public payrolls, military expenditures, and the like, leave the finance minister in an almost hopeless position. He has to depend upon temporary majorities in his parliament, and he lacks the courage to take a strong stand for financial reform.

Given proper outside support, however, he could do so. The following plan might be considered. A comprehensive settlement might be worked out in the form of a compact between the governments of Great Britain and the United States, together with the bankers of Great Britain, the United States, and Japan as the party of the first part, and the former Continental belligerents as the party of the second part. The compact might take the following form:

(1) The government of Great Britain and the government of the United States agree to reduce greatly or even to cancel the debts due them from their Continental Allies, and (2) the bankers of the United States, Great Britain, and Japan undertake to use their best efforts to place with American, British and Japanese investors large new blocks of Continental securities, providing new funds for rehabilitation purposes.

These undertakings are to be made contingent upon, and conditioned on, the following considerations, without which they would do harm, rather than good:

(1) The Continent of Europe undertakes to accomplish the financial and currency reforms indicated above, accepts a rational settlement of the German indemnity question, and introduces the proper degree of freedom of trade.

(2) The lenders of the new funds retain supervision over the spending of the funds, to make sure that they are used for essential purposes only. The necessity of this last provision is emphasized when we reflect that Europe has already had from the United States since the Armistice much more than enough to have accomplished her rehabilitation had it been effectively used.

Control over the expenditure of the new funds does not mean that they should be spent only in the country which lends them. The borrowers should be free to buy in the cheapest market, wherever that market is. It is world revival that we are aiming at. Narrow and selfish nationalistic purposes must be rigorously frowned upon. The control should merely make sure that the funds are really used for Europe's rehabilitation.

Schemes for stabilizing the exchange rates which do not strike at the underlying difficulties are futile and harmful. Exchange can be "pegged" through borrowing in the American market, so long as American lenders will supply unlimited dollars for the purpose. This

was done during the war and for five months after, the greater part of the dollars required being supplied by the United States Treasury. It was necessary during the war. After the war it did great harm. European moneys, validated by the pegging process, were spent extravagantly for American products, including luxuries, chiefly designed for immediate consumption. The revival of European exports was hampered at the same time that imports to Europe from the United States were increased. Francs and lire would buy more in the United States than they would at home. Industrial revival in Europe was hampered by this. The burden upon the United States Treasury was unendurably great, and it is impossible to suppose that either the American government or American banking interests will again assume it.

Similarly to be ruled out is the scheme for an international foreign exchange bank to stabilize exchange. Such a bank could accomplish its purpose only so long as its American stockholders or its American depositors provided unlimited dollars for the purpose of purchasing European exchange. The bank would be increasingly a bank with American liabilities and European assets—a mere device for pegging through foreign loans in a different guise.

Essentially the same may be said for the proposed foreign exchange clearing house—a clearing house which would not “clear.” It could function only if the United States Treasury or American bankers continually made good the debits of the European members of the clearing house.

Measures designed to help the exchange problem may properly be made part, however, of the more comprehensive settlement above outlined. Part of the proceeds of the new loans made by the United States might well take the form of gold to increase the reserves of the authorities in Europe issuing paper money (chiefly central banks), so as to facilitate their resumption of actual specie payments. A specific gold loan to Great Britain might be included.

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CONSTRUCTIVE VERSUS DOLLAR DIPLOMACY¹

There are two preliminary qualifications which are required by the broad scope of the title to this paper. First, the discussion is intended to relate to American financial intercourse with nations dependent on foreign capital for their economic development. Second, the nations herein considered are exclusively of the Western Hemisphere and so-called Latin America. By way of at once explaining and disposing of a title more journalistic than scientific, it may be said that the difference which the title seeks to contrast is one of emphasis rather than of substance. Both dollar diplomacy and what is herein outlined as constructive diplomacy indicate an intention to pursue a concrete objective in the relations between this nation and the states under consideration, as opposed to the opportunistic formalities of conventional diplomatic intercourse. The creed of dollar diplomacy was unequivocal. Foreign investments, without shame or hypocrisy, were to be taken as the basis of American policy towards nations of doubtful capacity to maintain law and order and stability of government credit. The method of dollar diplomacy was to be direct and decisive. Obligations once assumed by these states or investment once permitted by them by implied or specific consent, there were to continue in them the negative duty of refraining from detrimental acts, and the positive duty of maintaining law and order and compliance with obligations entered into. Breach of either duty was to summon into action the coercive power of the United States. While never so categorically expressed, the principles of dollar diplomacy as revealed in the several incidents in which it was proposed or employed conformed to the foregoing statement. Public opinion has never sanctioned this view of the relation between the United States and weaker nations with which its nationals happen to have commercial or industrial dealings. It was a policy developed from a futile attempt to distinguish between the political and economic relations with weaker states; one resting on a conventionalized idealism and the other on force.

Constructive diplomacy, on the other hand, discards force and substitutes for the exercise of coercive measures to protect ill-advised adventures, supervision over the terms and conditions of investments before they are made. It is no less pragmatic. It stands squarely on the recognition of the superiority of economic relations to political etiquette in determining the actual policy of the United States towards Latin-American nations.

Having proceeded thus far, it is necessary to pause for a moment

¹This paper was read at the Thirty-fifth Annual Meeting of the American Economic Association held in Chicago, December 29, 1922.

to take advantage of the privilege of qualifying generalizations, which it is understood attaches to participation in these discussions. A policy of diplomatic procedure necessarily presupposes the existence of the status of equality between states. In certain cases, notably in Haiti, Santo Domingo and Cuba, either under treaty or arbitrarily, the status of legal equality has been abrogated. In such cases intervention and the use of force may be entirely compatible with constructive service. In none of the instances cited has an investment or financial interest been the controlling cause of intervention. These republics are rather sociological experiments than states, and the expectation of ultimate good to be accomplished and the absence of any provable unworthy motive on the part of the United States will be held to justify whatever drastic measures the intervening government has taken with respect to them. The qualification to be made therefore is this: these troublesome republics are temporarily without the scope of diplomatic intercourse, and are where they are because of their own mismanagement. Nothing that the United States could have done with respect to them, short of intervention, would probably have altered the existing situation.

Having accorded such satisfaction to logic as possible, we may, if you will, resume our consideration of the larger phase of the subject.

While the question of American participation in the rebuilding of the old-world civilization has been under debate, important strides have been taken by American banks and industries in the development of the new world, and the foundations laid for a fresh venture in international coöperation.

The total of Latin-American government, state, municipal and corporation bonds issued in the United States is about \$435,000,000. During the eighteen months ended June 30, 1922, \$334,000,000 of Latin-American securities were floated in the New York market as against \$80,000,000 in London. On a single day in October of this year, of sixty different kinds of foreign bonds traded in on the New York Stock Exchange, about one half were Latin-American. Before the war American participation in Latin-American finance was secondary to that of England, France and Belgium.

In addition to official intervention in the island republics, American experts are performing quasi-governmental functions in Peru, Nicaragua, Panama, and until recently in Honduras. A similar arrangement is about to be effected in Bolivia and Colombia.

For the first time in its long history of reorganizations, the Mexican debt has been reorganized under the guidance of a committee of international bankers in which American bankers took a leading part. All Latin-American countries are borrowers abroad and virtually all of them have turned from Europe to borrow in the American market,

or to attempt to do so. In the field of Latin-American government finance it is unlikely that the American banks will soon again have important competition from Europe, except to a limited extent from England. Consequently, during the coming years there will doubtless be a steady stream of dollars exported to the South, and with every dollar there will go just so much of practical American concern for the economic development and political well-being of those countries. This growth of the financial relations between Latin-American republics and the United States is, perhaps, the most potential result of the post-war financial status of this country. Incalculable opportunities for American commercial expansion exist in Latin America provided there is developed in the United States sufficient skill in employing its creditor position for the permanent development of the resources and people of the borrowing nations. If this can be accomplished, it is quite conceivable that commercial gains with Latin America will amply compensate any concession made by this country from choice or necessity in the adjustment of the interallied debt. At all events, we are apparently at the moment of a great sweep southward of our economic frontier, an occasion which presents an unprecedented opportunity for international coöperation towards a great social end. How shall we meet this opportunity?

In the first place, there is the Monroe Doctrine. For a century it has in general permitted the Latin-American states to experiment in self-government without the political interference of Europe. Frequently, so-called republican governments have been republican only in the sense that they were not dynastic. But, on the whole, general political progress has been made, notably by those states which have arisen to the power rank. Less progress has been made in industrial or other forms of economic development, in the sense that these represent progress in national capacity to use natural resources and to satisfy national needs. Having facilitated the political development of these states, the United States is now face to face with the opportunity of taking a leading part in their economic development. What are to be the consequences to America and to the republics of this participation? With hundreds of millions and ultimately billions of dollars invested in the securities of these countries will the benevolent attitude of America toward their destiny undergo an alteration? What will happen if Latin-American investments suffer because of prolonged political and administrative disorganization in the affairs of any government which happens to be an important debtor to American investors? Is there before us an extension of the kind of responsibility assumed by the American government in Haiti and Santo Domingo, to other republics whose governmental ineptitude may be advertised by non-compliance with debt obligations? Not if steps

already taken by the State Department to forestall difficulties can be intelligently supplemented.

The caption of the leading article in a current issue of the business men's official organ in the United States proclaims that "Our Dollars Go Guarded Overseas," meaning that the United States Government exercises this guardianship. This article emphasizes the undoubted fact that the drift of American diplomatic policy is today determined by economic interest. Forms of government are of less concern than economic policies, particularly where legitimate investment interests are affected by such policy. There was a time in Latin America when violation of the political provisions of their constitutions through revolutionary usurpations of power caused us most concern. Now we hear more of confiscation of property rights in the discussion of our Latin-American relations. We shall hear less of outraged Latin-American patriots pleading for Washington's support to right their national wrongs and more of outraged and disappointed investors insisting on what is generally described as a strong policy. That is to say this will occur unless, as I have suggested, the steps taken by the State Department to prevent trouble are supplemented along some such lines as I shall presently venture to propose.

In view of the growth of foreign government financing in the United States and its obvious important bearing on foreign policies, the State Department since March of this year has invited submission to it of all plans of American houses regarding prospective foreign loans. It requests the coöperation of investment bankers in keeping the government informed regarding public flotations of foreign issues "so that it might express itself regarding them, if that should be requested or seem desirable." The Department specifically declines to pass on the merits of foreign loans as business propositions, or to assume any responsibility whatever in connection with loan transactions. Nevertheless it may undoubtedly be taken for granted that no important issue will be made by any responsible house without submission to the Department and that none of which it disapproves will be offered to the public. Undoubtedly in the conferences which attend these submissions important constructive recommendations to both parties to the transaction can be made by the Secretary and his advisers. Through official channels the State Department has ample facilities for acquiring authoritative information regarding all the circumstances which would affect a particular issue of any government security or important local commercial enterprise. The expert knowledge acquired by the Department in the course of its contact with these matters will enable it to suggest ways of meeting particular financial problems. Already the Department is requested to suggest competent experts to assist governments, desiring to secure credit, to carry out fiscal reform

which will improve their credit position, or to plan how to use most effectively the proceeds of prospective financing. Unofficially, through the Pan American Union, of which he is the presiding officer, the Secretary of State may establish helpful advisory relations with Latin-American states respecting financial and economic questions, which need not be subjected to the restraints of official dealing. For the future guidance of bankers and investors the Department will no doubt in course of time make known its views respecting the conditions to which, from its knowledge of the facts based on its experience in considering proposals and its contact with the countries concerned, it believes that Latin-American financing should conform. The American people have not only a practical financial interest in such intelligence, but a deep concern as well because of their desire to see the progress of the Latin-American republics facilitated in every way. Pending such an official declaration we may construct for purpose of discussion the possible outlines of such a policy.

To clarify the intention and significance of proposals to be submitted, the general features of two recent Latin-American financial plans may be reviewed with appropriate brevity. The first is a proposal never carried out, yet formulated in the terms of a contract, tentatively executed. Though now a dead letter, it illustrates effectively the dangers involved even in sincere attempts to offset the inherent weakness of a credit risk by drastic provisions, not only financially burdensome, but likely to arouse national passions. The plan attempted to accomplish five things: to stabilize currency; to provide a national banking system; to refund matured obligations; to stabilize foreign exchange and finally to provide a fund for needed public works. The banker was to supply a certain number of millions of dollars in exchange for the bonds of the government, which were to mature in less than thirty years, to bear interest at 6 per cent, and to be amortized in annual instalments beginning the third year after issue—the bonds were to be secured by a specific assignment to the banker of all the revenue of the republic, and by the assets of a currency reserve fund to be established.

The banker was to receive $5\frac{1}{2}$ per cent of the principal amount of the loan as his underwriting commission, a charge not regarded as excessive in financing of this character.

To reorganize the currency, there was to be created a commission of three members, all appointed by the republic, two of whom were to be satisfactory to the banker. This commission was to receive the proceeds of the loan and to apply them to the following purposes. It was to invest about 80 per cent thereof in United States government securities, to be used in guaranteeing bank bills to be issued by the national bank which was to be established, which in turn were to be used

for payment up to a prescribed amount of the outstanding obligations of the government, and up to another specified amount in the prosecution of public works. In case of default in interest or sinking-fund payments on the bonds, the reserve held by the commission was to be made available for such arrears.

The government undertook to subscribe one half the capital of a national bank to be established by the banker and the republic, but with all the common stock owned by the republic. However, the board of directors of the bank was to be controlled by the banker who also reserved the right to approve the powers and authorities to be conferred on the bank by subsequent legislation. The manager of the bank was to be appointed by the republic subject to the approval of the banker as well as of that of the banker-controlled board of directors. The bank was to be made the sole fiscal agent of the republic, to have sole power to collect and receive the national revenues, to be the sole depository for government funds in the republic, to have the sole right to issue non-metallic legal tender. Such currency was to be accepted as legal tender for all purposes within the republic excepting for the payment of principal and interest on the debt created under the agreement. These notes were to be authenticated by the currency commission, seated in New York, and holding the reserve in United States government securities. This reserve was to be applied for their redemption after the complete repayment of the loan.

Should the government resolve to coin and issue metallic currency, the minting was to be done by the bank on account of the republic.

The bank was to be exempt from all and any kind of taxation either present or future.

Whenever, through some special circumstance as, for example, crop failure, a general economic disturbance might be threatened, the republic on the advice of the bank agreed to restrict the importation of non-essentials.

The contract provided for the yearly payment by the republic to the banker of one per cent of the principal of the loan for the expense of the service of the loan, exclusive of interest and sinking-fund charges and for the compensation of the commission on currency, and an additional one per cent for the compensation of the manager of the proposed bank and for meeting the expenses of its operation.

Finally, the bankers were to be given the option of bidding on all future financing of the republic, including the submission to it of the proposals of other banks.

The plan was skilfully drawn to protect the investors' interest and, conceivably, might have worked out to the ultimate advantage of the borrower. It needs no discussion to explain the opportunities for misunderstandings and national resentment it provided. It is unadvis-

able, to say the least, for any banking house to assume so large a responsibility for the fiscal administration of a nation as was in this case proposed. If financial reorganization cannot be worked out by the country itself, needed assistance and service should be provided by some disinterested body in which both the bankers and the borrowing nation may repose confidence.

The second illustration chosen is the tentative settlement of the Mexican debt question during the past summer as the result of negotiation between the Mexican minister of finance and the International Committee of Bankers, under the leadership of a distinguished American financier.

In this settlement there were three problems to be dealt with: first, the resumption of payments on the foreign debt of Mexico, discontinued for the past ten years because of revolutionary disturbances; second, settlement of the problem of the arrears of unpaid interest; and, third, the adjustment of the questions arising from the government's seizure of the national railways owned by a corporation in which, while the government is the majority stockholder, the interest of foreign bondholders is of predominant importance.

The plan developed was ingenious, justly conceived and admirably devised in technical detail. Debt service payments are to be resumed on a gradually sliding scale; payments of back interest are to be spread over forty years, beginning in 1928. Sinking-fund payments are to be postponed for a period not exceeding five years. Interest payments in the first instance are to be limited to an annual amount paid before the revolution and to be increased in five years to 50,000,000 pesos. The government is to guarantee the railway debt in its entirety, thus bringing the national obligations up to 1,000,000,000 pesos principal and 400,000,000 pesos accrued interest. The railways are to be restored to private management.

No new financing is provided for. The effort was made in this agreement to restore the *status quo ante* the revolution with the exception that questions arising from the seizure of the railways were disposed of by a government guaranty, principal and interest, of the railway indebtedness.

In my opinion, because Mexico cannot ever arrive at economic stability without constructive agrarian reorganization, no settlement of her financial problems will be valid which leaves agricultural reform out of account.

Because the railways are the best available means for developing a modern system of agriculture in Mexico and at the same time the basis of practical coöperation between the nation's creditors and the government, I had hoped that the final settlement would include a coöperative, agrarian program to be executed by the railroad and the government.

Despite the illustrations of the first instance cited, bankers hesitate to go beyond their technical experience in dealing with national finance problems. Well, that is a limitation of banking which somehow must be supplied if international financing in Latin America is to be made generally constructive. In this case, because of the desire of the Mexican government to maintain its tradition of solvency and because of the exceptional facilities afforded by the railway relationships between banker and government, a substantial social-economic foundation might have been laid for a financial plan, that now rests chiefly on future good fortune in the development by foreigners of additional oil resources.

From these illustrations certain elements of a financial program with respect to Latin-American countries may be deduced.

Let the United States government discountenance the assumption by American financial interests of specific governmental functions in any borrowing country, particularly in Latin America.

Let a definite stand be taken against the exaction of any form of monopoly as a condition to any loan made to any of the Latin-American states. These declarations might constitute a modern version of the Monroe Doctrine addressed to ourselves and phrased somewhat as follows: "By virtue of the special status we have claimed and acquired in respect of these sister republics, the government of the United States will look with disfavor on any attempt by any citizen or corporation of the United States, or any person subject to its authority, to acquire monopolistic privileges or to usurp the functions of government, as a condition of any loan made to any country in Latin America."

Beyond this a limit should be imposed on the extent of indebtedness to be incurred by any nation through flotation in the United States, measured by some determined relation to average revenues.

To promote the constructive and non-political use of borrowings an explicit statement should be required of the objects to which the proceeds of the loans are to be devoted. The same principles which govern the use of capital loans by corporations should be applied to government long-term borrowing. To a considerable extent, as will notably be the case in Mexico, progress is impeded because revenues required for social advancement are mortgaged to an extravagant past.

The total cost of the loan to the borrower should be made public, as a safeguard against possible future repudiation on the ground of extortion.

It should be required that all the terms and conditions of the loans be made public in order that both the interest of the borrower and that of the lender may be safeguarded against impolitic provisions, likely to cause international complications.

Increasingly, through the Pan American Union, the Universities, or some other suitable channel, the full facts regarding the social and economic realities of the borrowing countries should be made available to the United States government and to the investing public in order that ill-advised financing may not be encouraged.

There needs to be developed a disinterested body of experts capable of rendering assistance in the solution of the economic and fiscal problems of these poverty-burdened countries. Finally, above all, the test to be applied to Latin-American financing in the United States should be whether the proceeds of the loans are to be employed to develop the fiscal and economic independence of these countries. Thus may the technical and financial strength of America assist in releasing for their own advantage all the unmeasured resources of this extraordinary array of nations.

HENRY BRUÈRE.

STABILIZATION OF EUROPE

Note: At the evening session, Friday, December 29, 1922, of the Annual Meeting of the American Economic Association, held in Chicago, Professor Irving Fisher discussed the three previous papers, which were grouped together under the general title of "Foreign Financial Problems."

There is a fast growing movement in the United States toward participation in the problem of stabilizing Europe. This movement grows out of the conviction that we need to help Europe in order to help ourselves. Europe is our market and our debtor and in order to sell to her our wheat and obtain from her repayment of the eleven billions she owes us officially and the four billions she owes us unofficially, we must first see her on her feet. We also wish to avoid another world war. These selfish motives reinforce the altruistic impulse to lift our mother country or countries out of the slough of despond.

Having set our faces toward such participation, we are now casting about for the best methods.

In my opinion the very best and most fundamental method is for the United States to join the League of Nations; and I believe that eventually we shall be led to do this. We shall then regain our lost prestige and influence and have an opportunity to exert that influence continuously instead of spasmodically in unwieldy and widely separated international conferences, while any specific conferences needed can be all the more readily arranged. When we take this step, and I fear not before, we shall have gone a long way toward reducing the burden of armaments both on land and sea, by substituting an assurance of peace for a fear of war.

This would go far toward solving our economic problems by removing or reducing a chief economic drain on European resources and would put the United States in a position to act the part of impartial arbitrator of the economic problems which remain. Above all, France would be re-

assured, in large measure at least, as to the recurrence of invasion by Germany and therefore willing to allow Germany to become again a powerful nation.

These problems are difficult politically, but not economically. What is necessary is to induce France to accept our impartial settlement. She will apparently not accept any solution offered by another European power. She might accept an impartial investigation by the United States. Such an investigation should determine the present, the pre-war, and the prospective taxable capacity and debt-paying capacity of Germany and should propose a practical schedule of reparation payments. Similar studies should be made as to the interallied debts. Once we obtain the consent of nations to accept the verdict of an impartial expert study, the whole problem can probably be solved. I do not think that anyone can now offhand state in figures what revisions should be made in reparation payments and allied indebtedness. Tentatively, I would expect any expert investigation to find that little or nothing could be paid by Germany to the Allies or by the Allies to the United States for many years; that, on the contrary, the current should for many years be the other way; the United States should continue to lend Europe her raw materials, fertilizers and equipment, not officially, of course, but through the normal channels of investment. As J. P. Morgan has twice emphasized, a pre-condition of such loans must be a rational settlement, fixing a schedule of payment of international debts.

Europe is now like a man who has been sick eight years and has gone into debt. He is in no position to repay until he has recovered his earning power and to do that he must first go into debt still further to equip himself with tools and materials. When, later, Europe regains her productive power, she can repay in gradually increasing volume.

If the matter were sanely handled, economically the rapid recovery of Europe would be possible; *Europe* itself is not bankrupt, but only her *governments*. The actual economic destruction of capital wrought by the war is far smaller than most people imagine. The land remains almost unimpaired; for the devastated area is a negligible fraction of Europe—less than one per cent. The same may be said of equipment, ships, factories, machinery, etc., except of those forms which wear out rapidly. So far as labor is concerned, while enormous numbers of men have been killed or have died of disease, their very destruction has simplified, rather than complicated, the problem of supporting the remaining population; for it has lessened the number of mouths to feed and bodies to clothe and shelter. The truth is that the productive *capacity* of Europe—land, equipment, labor and organizing ability—is, as Professor Moulton of the Institute of Economics has emphasized, almost as adequate as before the war.

And yet, with the exception of a few localities, Europe is not recovering! On the contrary she is steadily sinking, like a man caught in the quicksands. How are we to explain this paradox? In a word, the explanation is *maladjustment*. It is not a question of recovering assets lost by the war but of readjusting conditions of peace. There is not sufficient security and incentive for government production and investment; there are too many

government liabilities in proportion to assets; and specific kinds of essential raw materials and equipment are lacking. Every business man knows that business success often depends only on a delicately balanced adjustment. If Ford's assembling plant lacks the tires, or the spokes, the whole series of processes is thrown out of gear.

We may best illustrate this paradox (of inadequate production in spite of adequate productive capacity) and at the same time illustrate the diagnosis (of maladjustment in the three ways above mentioned) by reference to the case of government debts. Government debts, internal and external, interallied and reparation, constitute the hugest *economic* problem in the world today. But this problem is far different from the popular idea of it. Most people imagine that by paying these debts the world will thereby pay the cost of the war. This is altogether wrong. The world has already paid every cent of war cost represented by these colossal debts! The payment was made when the shells, which were bought with the proceeds of the original loans, exploded and when the soldiers' rations and clothing were used up. All these war costs were defrayed during the war and (what is the important point) *mostly out of income, not capital*.

Those who bore the cost were, in general, those who advanced the loans, for instance, in the United States, the subscribers to Liberty bonds. What the debts signify is simply the obligation to reimburse now these people who paid then. They do not mean a liability for the world as a whole. Every dollar of debt paid *by* the world is also paid *to* the world. It is not a payment *out* of the world as were the original shell explosions. That sort of payment ended on November 11, 1918; and whatever damage was then done is not repaired by the mere transfer of money today from taxpayers to bondholders. Reconstruction is a separate operation.

In fact, to a large extent, the debtors and creditors are identically the same persons. Those who hold Liberty bonds are largely those who must pay the taxes for extinguishing those bonds.

Yet even were every individual equally a debtor and creditor, the very hugeness of the debts would make them unmanageable. There would still be maladjustment. To show this clearly and to bring it home to ourselves, imagine our government in debt comparably to the governments of Europe, say to the extent of 100 billions of dollars. Suppose further that the Liberty bonds were equally distributed so that every man, woman, and child in the United States held a thousand dollar bond. Finally, suppose a tax of \$1000 per capita were levied for wiping out this debt.

Evidently everybody owes \$1000 in taxes and is owed \$1000 for his bond and both could be taken care of if everybody would consider himself as owing himself \$1000 and would simply tear up his own bond.

But what would really happen would be very, very different, simply because of the fact that the *government* enters as a collecting and disbursing agency. Each individual would hug his bond and hate his tax. He would not think of his bond as a claim upon himself but upon the United States; nor of his tax as a payment to himself, but to the United States. Even our strong government could not collect any such huge tax nor would it

dare even to propose it. Any administration which did so would be thrown out of office at the next opportunity; for the tax required would be out of proportion to per capita wealth and out of keeping with experience. That is, there would be maladjustment. What we should do under such circumstances, if they ever should occur, is exactly what Europe is doing, tax as far as we could and pay the rest by printing paper money. In short, there are limits to the tax-levying capacity and the debt-paying capacity of a government even when the two theoretically cancel for every individual.

Still more impossible is the situation when there is no equality between each person's debit and credit, especially when it turns out that the poor are to be taxed to reimburse the rich. Still more impossible is the situation when the citizens of one country have to be taxed to repay those of a foreign country, especially when it turns out that the poor countries of Europe must reimburse rich America. Finally, still more impossible is the situation when the foreign country to whom the tribute must be paid is a hated enemy conqueror.

Under such circumstances the debtor governments, such as Germany, are, in actual fact, insolvent. Excepting England, not one of them can, in any practical sense, raise and pay interest on its debts.

I have dwelt on this example of maladjustment not only because it is so little realized and not only because it is the greatest overshadowing economic problem in the world today, but because its understanding will help us realize that what is ordinarily thought of as a hopeless problem is really quite soluble. *If all inter-government debts could, by some magic wand, be canceled and all the other great government liabilities left by the war, such as pensions and military expenses, could likewise be abolished, Europe would recover with astonishing rapidity because her productive capacity is adequate. But with government debts, pensions and military expenses as they are, recovery is impossible.* The governments simply cannot raise the taxes required to cover these expenditures and have to resort to the printing press. But this only makes matters worse; for the resulting depreciation and uncertainty of money makes more maladjustments. It makes all business a gamble and all saving a mockery, wipes out the middle class of "rentiers" and salaried men, robs the wage-earner of over half his earnings, impairs his health, discourages legitimate enterprise, ruins credit, and, as a consequence of these and other demoralizations, reduces production. With production reduced it becomes still harder to raise revenue by taxation, it becomes more necessary than ever to inflate, production is still further reduced, and so the economic degeneration goes on and on in a vicious circle.

Government loans can seldom be used to break this vicious circle because government credit is shaken. And when they are resorted to, as by France, the evil day is merely postponed and the final catastrophe magnified.

It is worth noting that, without nominal change in the principal of debts, it is possible by two devices to reduce their burden: (1) by moratoria without interest and (2) by low interest rates. Among the possible schedules for payment of debts to the United States, for instance, we might grant a ten-year moratorium without interest, then receive, say, 3 per cent interest

or about \$330,000,000 per annum for a second decade, and then begin a sinking fund of 2 per cent with the privilege to the debtor of more rapid payment than the fifty years thus indicated. The German reparation payments could be scheduled in a similar way and should both anticipate and exceed the pre-war allied debt schedule. Otherwise the Allies would merely be collecting agencies obtaining payments from Germany to pass on to the United States.

It will be recalled that the Austrian debt problem was solved in this way and through the League of Nations. There is no precedent in history to the appeal of Austria to the Society of Nations to be saved from ruin and the response which followed, granting a twenty-five year moratorium and giving Austria a new lease of life. But the Austrian case affords a striking precedent for the case of Germany today. Germany now feels the same lack of incentive to work with the impossible reparations bill hanging over her that Irish tenants felt in the days of Gladstone when their rents exceeded the value of their produce. In each case the natural response is "what's the use?"

Under these conditions we find reckless economic wastes and chaotic monetary standards. These would largely disappear, as by magic, if the basic conditions were stabilized; especially if the United States prescribed specifically that in consideration of any economic assistance each government's finances must be put on a sound basis, and thereby an opportunity given to stabilize money. Next to the problem of stabilizing political conditions is that of stabilizing monetary standards. But the former is a necessary pre-condition of the latter.

In short: The key alike to American export trade, to the repayment of our loans by Europe, and to keeping the United States out of another world war is *the rehabilitation of Europe*. The key to the rehabilitation of Europe is *the intervention of the United States* to assure Europe peace, reduce her militarism and readjust reparation payments and interallied debts, and for a time extend loans. The key to the successful intervention of the United States in Europe is to *fill Uncle Sam's vacant chair* in the League of Nations.

IRVING FISHER.

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SOME NOTES ON THE RELATION OF MONEY AND PRICES

That there is some more than accidental relation between quantity of money and price level is granted by most, perhaps by all, economists. Further than this there is no general agreement. The extreme exponents of the quantity school hold that the relation is one of nearly exact and necessary proportionality and that quantity of money is the causal factor with price level the effect. To which opponents reply that bank credit changes are shown by statistics to follow rather than precede the corresponding changes of wholesale prices and in particular that the drastic price recession of 1920 was in full swing for some time before there was any shrinkage in the volume of bank credit. "How," say these critics, "can the cause follow the effect?"

An analysis of the mechanism of price changes seems to indicate that the quantity theorists are at least nearer the truth than their critics. Changes in price level commonly begin with wholesale commodities whose prices respond in a very sensitive manner to changes in the volume of orders received by producers. Wage and retail price changes are secondary results of changes in the volume of orders. The demand for labor fluctuates as a consequence of variations in the volume of orders, and wages change with the demand for labor. Retail prices follow wholesale prices. The volume of payments that must be made at any time is evidently dependent on the engagements made earlier, when the orders were placed. As already noted, wholesale prices respond very quickly to changes in orders. If then the quantity theorist is correct to the extent that changes in volume of payments are possible only if similar changes take place in the volume of nominal purchasing power (money outside of banks plus bank demand deposits) we should expect to see prices and quantity of nominal purchasing power changing similarly but with prices moving first. Statistics seem to indicate that such is the actual fact. However there is still something to be explained. The expansion of bank deposits that followed the price slump of 1920 continued too long to be the result of the working out of engagements previously made. But the real explanation is not difficult. During and following a crisis purchasing power is used cautiously. In other words, the velocity of circulation of money and credit temporarily drops so that the equation of the quantity theory is satisfied by a change in this factor instead of the purchasing-power factor.

The peculiar interest in the relation between money and prices lies at the present time in its bearing on the problem of price stabilization. So far the one definite plan looking in this direction is that of Professor Fisher, which plan contemplates varying the gold content of

the dollar. If the foregoing analysis of the mechanism of price changes is correct it would seem that Professor Fisher's plan could be made to limit the height of the crests of the curve of prices but would be nearly or quite inoperative in the intervening sags. For changing the amount of gold in the dollar would merely change the nominal size of the structure of credit which could be erected on a given gold reserve. The only time when the lending capacity of the banking systems can limit prices is when that capacity is fully utilized or, in other words, at the culmination of the prosperous portion of the business cycle. At other times there is a reserve of potential bank credit which business does not care to use, and so long as this unutilized reserve exists its size is quite immaterial. Hence, changing the size of the gold dollar will, so long as reserve lending power exists, have no direct effect.

There is, to be sure, a theory that interest rates change with the state of reserves and that demand for loans changes with interest rates so that the state of business activity is controlled at all times by bank reserves. But this gives to interest an altogether exaggerated rôle. Doubtless the rate of interest is an influence but it is certainly a minor one in determining the demand for loans. We know that such demand is always very heavy near the culmination of an upswing of prices even though interest rates are high, and we know that it is relatively small during a period of depression even though rates are then low. To expect interest rates to control prices is to rely on a force whose strength is entirely inadequate to the work to be performed. The same is true, though perhaps in less degree, of the ability of foreign trade variations to assist price stabilization under the Fisher plan. If, for example, world prices are falling, a reduction in the number of grains of gold per dollar will not at the time have any direct effect on domestic prices but it will make it necessary to offer more dollars for a given amount of foreign goods. The effect of this will be to discourage importation and encourage exportation, thus to some extent increasing the flow of orders to American producers and checking the fall of prices. But our total foreign trade is but a fraction of our domestic trade. Furthermore most of our imports and a goodly fraction of our exports are things that will continue to move almost without regard to price. Such changes as can be brought about in the remaining portion of foreign trade are too small a fraction of the nation's total business to have any great effect on prices.

The Fisher plan, then, instead of affording as its author intended a continuous influence which could be used at all times to correct incipient departures from the desired price level, seems capable of exerting that influence effectively at only one point in each industrial cycle. It can eliminate the long-time price tides which are due to changes in

the relative supply and demand of gold—no mean achievement—but it can scarcely eliminate the short-time price surges which accompany the industrial cycle.

These latter can never be controlled, it would seem, by mere juggling with the money supply. It is true that an upswing of prices can at any time be stopped by preventing further expansion of currency and bank credit, but the subsequent fall of prices is not to be prevented by any device which fails to provide for the immediate reëmployment of men thrown out of work, so that demand for commodities and hence the flow of orders may continue. There seems, however, no good reason except the inertia of custom why this cannot be accomplished at any time we seriously attempt it. Apparently it is necessary only to vary inversely as the volume of private business, the rate of spending on government work and on those public utilities over whose expenditures government has some measure of control—railways, street railways, power companies, and the like.

S. S. GARRETT.

EFFECTS OF FURTHER GOLD IMPORTS ON OUR BANKING SITUATION

Developments during 1922 indicate that the federal reserve banks have entered upon a new phase of evolution. In general terms this phase may be described as adjustment to a more stable volume of credit after the period of rapid contraction which followed the era of war-time and post-war expansion. Prior to our entrance into the world war the reserve banks were in a quiescent condition, which may be considered as the first stage in their development. If expansion, largely in the service of government financing during the war, be considered the second stage, and the post-war boom period be called the third, then the fourth period, that of contraction and liquidation, began in May, 1920, and came to an end in the early months of 1922, when the present—the fifth—stage of federal reserve development begins. This stage is characterized by a relative stability of total earning assets, while discounts continued their precipitous decline and were replaced in the portfolios of the reserve banks first by United States securities and later by acceptances. Whether still another stage of development, a business revival accompanied by resumption of large-scale borrowings from reserve banks, began in August of 1922, or whether the upturn in discounts at that time was due mainly to seasonal influences, not obscured as they were the year before by continuous liquidation, it is too early to say. The purpose of this article is to discuss the course of reserve banking developments in 1922 with special reference to gold imports and their effect on the credit situation.

During the winter of 1921-22 the reserve banks purchased considerable quantities of government securities, the total of which at the end of April rose above the total of discounts. Earning assets, after the seasonal drop in January, remained fairly stationary until the seasonal rise beginning in the middle of August. The stationary condition of earning assets in the face of a constant influx of gold from abroad indicates that funds available for use in the market were increasing. If it is true that the reserve credit requirements of the market at a given time are an amount determined by the general state of business, then funds released by the reserve bank through the purchase of securities or bills, if not needed by the market, will return to the reserve bank through a commensurate reduction in discounts. It is probable, for instance, that the continued reduction in discounts during 1922 was caused in part by the purchase by the reserve banks of government securities. To the extent that the funds released by the purchase of government securities returned to the banks in liquidation of loans,

these purchases had no effect on the credit situation, as they left unchanged the volume of federal reserve funds available in the market. But in so far as these funds failed to return to the reserve banks and were absorbed by the market they were an influence for credit expansion.

If one considers the reservoir of funds at the disposal of member and non-member banks as a unit, it becomes clear that the influx of gold from abroad raises the level of available funds in the reservoir unless a similar amount is drawn off into the reserve bank. The rise in the reservoir may be measured by the difference between the gold imported from abroad and the amount of funds withdrawn by the reserve banks through the sale of investments. While it is impossible to determine accurately to what extent this has occurred during the past year, because there are always numerous temporary factors influencing the figures, it would appear that there was some increase in the volume of funds in the market, as net gold imports amounted to about \$238,000,000 and exceeded by about \$100,000,000 the reduction in the earning assets of the reserve banks. The moderate increase in the volume of credit may have merely reflected, or it may have hastened the approach of a business revival. It is too early to determine the causal relationship of these events. The fact that prices have advanced considerably during the year raises the question whether credit expansion has proceeded at a more rapid rate than was necessary to take care of the country's business requirements. The evidence of the rise in prices is not conclusive, however, because the advances represent chiefly an adjustment of price levels among different groups of commodities, together with a reaction from a price reduction of unprecedented severity.

In normal times credit expansion beyond the needs of business would bring about its own correctives through the fall of interest rates, the withdrawal of foreign funds, the consequent fall in the exchange value of the dollar, and finally the exportation of gold to correct the exchange. Even now there are forces in operation to counteract the effects of expansion. The Bureau of Labor Statistics index of wholesale prices rose from 148 in January to 154 in October. This rise in our price level was not accompanied by a rise of British prices, which have remained stationary. This disparity has been reflected in an advance in sterling exchange from \$4.22 in January to \$4.61 in December, or from an average discount of 13 per cent to one of 5 per cent. If the pound reaches parity, then the gold movement between the United States and England may begin to operate along normal lines, i. e., a movement of gold will occur whenever the exchange rate will rise above or fall below the gold points. In the case of Canada this normal con-

dition has been reestablished and a considerable movement of gold from this country to Canada occurred in October.

But the normal correctives cannot operate effectively so long as most of the world is off the gold standard and most of the countries are unable to balance their international payments. England has recently made two \$50,000,000 payments on account of interest on her war debt. If to these interest payments there should be added payments on account of principal, then sterling will decline again and resumption of normal gold movements will be deferred for an indefinite period.

There is another corrective that might become operative if the United States absorbs large amounts of foreign securities. Such investments by Americans are equivalent in effect to imports from the debtor countries, and therefore, strengthen the exchange rates on such countries and thus lessen the incentive for shipping gold. But with conditions as far from normal as they are at present, these tendencies would not be sufficiently powerful and would not operate promptly enough to check the flow of gold to the United States. It is probable that for several years to come this country will receive substantially all the new gold produced, or between \$200,000,000 and \$300,000,000 annually.

The various steps through which gold imports become translated into additional credit and the effects of such additions on the general credit situation will be described in some detail.

On November 1, 1922, the combined balance sheet of the twelve federal reserve banks was about as follows:

(In millions of dollars)			
Reserves	\$3,212	Deposits	\$1,914
Discounts	588	Federal reserve notes	2,309
Acceptances	260	Other liabilities	919
Government securities	360		
Total earning assets	1,208	Total liabilities	5,142
Other resources	722		
Total resources	5,142		

What will happen if another \$1,000,000,000 or more of gold is imported into this country? For the purpose of clarifying the operation of separate factors in the situation, let it be assumed that trade and industry in this country will remain on a constant level and that credit and currency requirements of business will consequently also remain unchanged. Also for the purpose of simplifying the problem, let it be assumed that there are only two banks in the United States—the federal reserve bank and the member bank, the latter representing the entire banking resources of the country. According to the above balance sheet the member bank at present is receiving from the reserve bank about \$1,200,000,000 of credit, partly through discounts and

partly through the purchase by the reserve bank of acceptances and government securities. For, as above stated, the funds released by the reserve bank in payment for these purchases enter the money market and relieve the member bank of a commensurate amount of demand for funds.

Consider now the effect of the arrival of a shipment of \$100,000,000 of gold from abroad consigned to the member bank. The member bank will deposit this gold with the reserve bank, because the metal is of no use to the bank itself, except as an inconvenient form of cash. The member bank does not keep any more cash in its vaults than is necessary for till money and deposits the rest with the reserve bank, where the gold creates a deposit credit available for the reduction of the member bank's indebtedness to the reserve bank or for other purposes.

It is likely that the gold deposited with the reserve bank will be used by the member bank to reduce its indebtedness to the reserve bank by \$100,000,000. If this is done, then the reduction in the member bank's own loans occasioned by the receipt of the gold will be reflected in a corresponding decline of its accommodation at the reserve bank, whose reserves will be increased by the same amount. Suppose, however, that the reserve bank does not wish to have the arrival of gold reduce its discount portfolio, on the ground that by the canons of reserve banking commercial paper is a preferred asset. The reserve bank may accomplish its purpose by selling \$100,000,000 of government securities. This would result in the withdrawal from the market of \$100,000,000 of funds; the member bank would feel this drain and would borrow \$100,000,000 from the reserve bank to replenish its supply of funds, thereby bringing the reserve bank's discount holdings back to their original volume. The consecutive steps in the transaction would be: (1) earning assets of the reserve bank will be reduced by \$100,000,000 through the liquidation of the member bank's discounts by the payment of gold; (2) earning assets will be decreased by a further \$100,000,000 through the sale of government securities; and (3) earning assets will be increased by \$100,000,000 through the subsequent borrowing of \$100,000,000 by the member bank. The final result would be that earning assets of the reserve bank would have declined by \$100,000,000 and \$100,000,000 of investments would be converted into discounts, while \$100,000,000 of gold would be added to reserves. The reserve ratio would be higher.¹

¹The closeness of the relationship between the different items in the balance sheet of a reserve bank was first pointed out in an unpublished memorandum prepared by Mr. E. L. Smead, Chief of the Division of Bank Operations of the Federal Reserve Board, and was discussed in the September, 1922, *Federal Reserve Bulletin*, page 1122. It appears that at times when cash reserves of the reserve banks exceed

This method of disposing of new gold can continue until the reserve bank's investments are all converted into discounts, and total earning assets are reduced by the full amount of new gold deposited. Further additions to gold reserves could be accomplished only in one way, namely, through the liquidation by the member bank of its discounts. Thus the earning assets of the reserve bank would be gradually reduced to nothing. If the course of action of the reserve bank were to be as just outlined, then \$1,200,000,000 of additional gold would wipe out all the earning assets of the reserve bank.

Disregarding for the moment the effects on the ability of the federal reserve bank to pay expenses (although this is an important practical consideration even for a semi-public institution, and some method of handling it would have to be devised) let us consider the effects on the credit situation of gold arrivals after the entire assets of the reserve bank have been converted into a solid mass of the yellow metal. The reserve bank possesses now nothing but gold against which it has deposit and note liabilities. What would happen if still more gold arrived? The member bank would have no important object to serve in depositing it with the reserve bank, but for convenience it probably would continue to take it to the reserve bank. But the member bank would have no way of using the gold within the reserve bank; its reserve deposits would, therefore, be excessive and it would look around for means of profitably employing its funds. Under these conditions the member bank would encourage borrowing at home by reducing its interest rates, or by granting loans to marginal enterprises, and would invite the flotation of domestic and foreign securities. This would increase the member bank's deposits and its reserve requirements. It would also increase the need for currency. So that the excess reserves would be used up in part by withdrawals of notes and in part by increased reserve requirements. There would, in short, be an abundance of money to be used in developing industry or in speculation at home, or in the financing of foreign enterprises, or in both domestic and foreign credit expansion.

It will make little difference in effect whether the gold will come in the amount of federal reserve currency, capital and surplus and reserve deposits of the banks exceed their earning assets by about the same amount. On the other hand, when reserve bank currency exceeds reserves, then earning assets exceed capital, surplus and reserve deposits, and again by about the same amount. This relationship arises from the fact that capital, surplus and deposits represent the funds placed at the disposal of reserve banks by the member banks; when these funds are not fully invested, *i. e.*, are not fully issued in the form of currency, then the difference appears as an excess of cash over notes. On the other hand, if the banks utilize their power to issue notes in excess of reserves, this is reflected in a larger total of earning assets than of funds supplied to the reserve banks by their members. This suggestive analysis brings out the accounting equivalent of the relationship existing between the credit and currency functions of reserve banks.

payment of past loans, for current merchandise, or for the purpose of building up a balance to pay for future exports, or even in payment of interest or principal of debts due to the United States government. The arrival of the gold would in any case reduce the demand for funds on the part of the public, or increase the supply of funds at the disposal of the member bank. This may require further explanation. If the gold comes in for the purpose of paying a loan of the member bank, the member bank will cancel the loan, deposit the money with the reserve bank, thereby obtain an increased reserve deposit, and will thus have more funds at its disposal. If the gold comes direct to a customer in payment for goods, he will deposit it with the member bank and the subsequent development will be the same as in the first case; and if the gold is deposited with the member bank for the purpose of building up a balance, the series of consequences will still be the same. If the gold will come for the credit of the United States Treasury, the Treasury will either use the money to meet its current obligations, in which case it will deposit it with the federal reserve bank and transfer it to its creditors who will redeposit it with the member bank, or it will use the money to reduce its outstanding obligations by buying government securities in the market. In either case the Treasury will place additional funds at the disposal of the public and of the member bank. Thus it would make no difference what immediate circumstances occasioned the shipping of the gold—the effect of its arrival on our credit situation will be the same.

As will be remembered, the foregoing discussion purposely omits all reference to the effect that the arrival of additional gold might have on the country's productive activity. It would seem not unlikely that this additional gold would liquidate some frozen loans and relieve the financial condition of some manufacturers or producers who were heavily in debt to their banks on account of having bad debts abroad. With this burden taken off their minds they might turn their attention to the expansion of business and to this extent a revival of our own industry might take place. This revival would result in a demand for additional commercial credit and in the flotation of new issues of securities. It would mean more business which would absorb the additional funds created by the arrival of the new gold.

So far it has been assumed that there was one member bank controlling the entire banking power of the nation, and one reserve bank. In reality there are about 10,000 member banks controlling about 60 per cent of the nation's banking resources, 20,000 non-member banks, and twelve independently managed reserve banks. The fact that data for the reserve system alone do not give a complete picture of credit conditions in the country is undeniable, yet general tendencies affecting the reserve system will be reflected in the entire credit structure. Most

of the large banks are member banks and many of them are bankers' banks standing in much the same relation to their numerous correspondent country banks as the reserve bank stands to its member banks. Another connecting link is the federal reserve note which is the only elastic element in our currency. A demand for additional currency no matter where it originates is inevitably reflected in increased federal reserve note circulation and, therefore, affects the condition of federal reserve banks and the situation within the reserve system. There is little doubt but that when the functioning of the reserve system is clearly understood, it will be found that the entire credit reservoir is affected by the same forces, and that credit conditions are, broadly speaking, the same without and within the reserve system. Non-member banks and the general public are exactly on the same footing in relation to reserve banks; they can sell acceptances and government securities and exchange gold for notes or vice versa. Non-member banks and the general public can also deal with member banks on an equal footing; they can discount their notes with member banks and receive deposit credit or cash. Member banks, in turn, can replenish their power to lend to the public or to non-member banks by obtaining accommodation from the reserve banks.

But there are twelve reserve banks and conditions in the twelve districts may and do differ widely. Temporary tendencies which manifest themselves in an industrial district may not appear in an agricultural section. This fact is reflected in the differences between condition statements of the twelve reserve banks. For example, while discounts declined between February 1 and October 4 in all the reserve banks, the rate of decline varied from 39 per cent in Boston to 65 per cent in Cleveland, and while total earning assets decreased in most of the districts, increases are reported for the New York, Cleveland, St. Louis, and San Francisco districts. On the other hand, federal reserve note circulation shows expansion in nine of the twelve districts, but the New York, Richmond, and St. Louis districts show reduced circulation figures. Differences of this kind reflect variations in credit conditions in the several districts, but from the national point of view the system is nevertheless a unit. The reservoir of credit constructed by the Federal Reserve act is such that, in the final analysis, the entire system responds to the same influences, and in outlining broad general tendencies one is justified in treating the twelve reserve banks as one. In fact, it is only by considering the combined resources and liabilities of the twelve banks that one can obtain a correct picture of the national situation, as the relations between the twelve reserve banks are constantly shifting.

It may be asked: What would happen if the reserve banks paid out gold instead of reserve notes and thereby decreased their supply of

gold and their reserve ratio? Under present circumstances such a course of action can have but little effect on the credit situation. It makes no difference to a man whether the \$20 bill in his pocket is a reserve note or a gold certificate. The cash requirements of the nation would be no greater and no less than before. The only difference would be that the reserve ratio would be lower and declining, which might have some psychological effect on the public mind. Not unless the ratio went down to below 50, however, would the decline become a matter of real importance, and the ratio cannot fall below 50 at the present time without expansion as the substitution of gold for all the federal reserve notes in circulation, which is quite inconceivable, would still leave enough cash reserves to constitute 47 per cent of deposit liabilities.

To recapitulate: further gold imports will increase the amount of loanable funds, and, other things remaining equal, will reduce the demand for reserve bank credit on the part of the member banks. Up to the saturation point of the reserve-bank sponge gold imports can be absorbed and credit expansion delayed. Theoretically this point will be reached when additional gold in excess of one billion dollars is imported, which would wipe out substantially all of the reserve bank's earning assets. Beyond that point, unless business revival caused by other forces takes place, expansion at home or encouragement of investment of funds abroad or both is inevitable. In practice this point will be reached much sooner, as a complete liquidation of the earning assets of the twelve reserve banks and even of any one reserve bank is not likely. There are many hundreds of member banks in each district, and when the point of credit saturation approaches it will affect some members sooner than others, just as some reserve districts will feel the condition in advance of other districts. It is at that point that further imports of gold may be expected to have a tendency toward credit expansion, and toward expansion without borrowing from the reserve banks and consequently not subject to their control. The effect of gold imports in a period of increasing borrowings from the reserve banks caused by domestic conditions would be similar: the gold would add to the credit reservoir new funds not obtained from the reserve banks and would thus make the complex problem of credit control more than ordinarily difficult.

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The U. S. Treasury has actually paid out gold certificates, and the total gold in circulation, including coin, bullion and certificates, shows an increase of about \$96,000,000 between January 1922 and 1923.

REVIEWS AND NEW BOOKS

General Works, Theory and Its History

Supply and Demand. By H. D. HENDERSON. (New York: Harcourt, Brace & Company. 1922. Pp. x, 181.)

Any book which bears the title "Supply and Demand" and the imprint "1922" is noteworthy. This volume, peculiarly enough, appears under accredited auspices. It is the first of a series of Cambridge Economic Handbooks, written by "the more distinguished of the younger economists," edited by Mr. J. M. Keynes, and intended to convey "some conception of the general principles of thought which economists now apply to economic problems." It is an attempt to get to the reality of things economic by way of "the laws" of neo-classical price theory.

The principal element in the compound is neo-classical price theory. There is exhibited in procession an argument that there is order amid things economic, a statement of "the laws" of supply and demand, a grounding of price theory in the pseudo-ultimates of "marginal utility" and "marginal cost of production," a consideration of the remuneration of "land," "risk-bearing and enterprise," "capital," and "labor" as special cases of "supply and demand," and other familiar materials from a well-stocked arsenal of dialectic.

In spite of the fact that the argument which constitutes the skeleton of the book has been presented a hundred times before and is destined to enjoy at least half a dozen more appearances, it has freshness and distinction. A captious critic, to be sure, can easily pick flaws in it. The statement of the "law," "When, at the price ruling, demand exceeds supply, the price tends to rise," will not satisfy hard-headed theorists with an aversion to looseness of statement. The argument that in their purchases individuals are guided by calculations of utility receives no support from the case of the "enterprising business man," for he uses a pecuniary, not a utility, calculus. Many theorists will insist that the antecedent to supply which is in a place in "symmetry with" that of utility to demand is "disutility." But such flaws as these, delightful as their discovery is to the accredited theorist, will not worry "the general reader." In spite of them the argument is articulate, the exposition is competent, and it receives here one of its best-written presentations.

The secondary element in the compound consists of generalized facts about the economic order. Tucked away in the larger excursion into price theory are many bits of economic realism which are as valuable as they are out of place. The author recognizes the fact of inequality in the division of income and notes some of its consequences, as, for example, its effect upon the volume of savings. The supply of

capital receives a most lucid and objective treatment. It takes full account of the importance of corporate savings, notes the ephemeral character of the connection between accumulations and the rate of interest, and avoids the conclusion that the latter adequately disburses new wealth into spendings and savings. He assigns to competition something less than a necessary rôle in economic organization, finds a valid function for the trade union in the making of wage rates, and has a place for the state in a control of market processes. Such examples as these, of which many more might be given, make this exceptional in its contact with reality among introductions to economic theory.

It is peculiar that excellence added to excellence should result in confusion. But the futility of the argument and its failure to convince come from the attempt to stretch the older doctrines to clothe modern facts. A few typical examples of the effects achieved must suffice. Corporate savings are fitted into a theory of capital accumulation which runs in terms of "waiting" by being regarded as "involuntary savings." The discussion of wages begins with the determination of "a general rate," despite the author's skepticism of both local and occupational mobility of labor. His admission of differences in income as affecting the amounts which purchasers are willing to pay for an article makes his "laws," that "the marginal utility of a commodity to anyone diminishes with every increase in the amount he has," applicable only to individual economy and robs it of market significance.

Such arguments indicate that the introduction of realism has loosened the older system in concept, in argument, in articulate character. The older theory which taught that the economic order was an automatic, self-regulating mechanism which secured from the limited resources at hand the maximum of utilities was sharp, articulate, and uncompromising. Its concepts, assumptions, and dialectic contained no waste and no unpurposive material; each definition and each syllogism had its place in a definite scheme of apologetics. The tendency of Mr. Henderson's argument is to rob the older materials of economic significance and to make vestiges of them. A marginal utility which guides the purchaser but, because of the unequal distribution of wealth, is no representation of a feeling magnitude back of a market price is not the serviceable marginal utility with which we played in college. A rate of wages which represents an adjustment of demand and supply through the action of the trade union is not the good old natural rate which is the solace of business men and supreme court judges. An argument that there is order amid economic phenomena, with a disclaimer of a defense of the existing order, is a weak substitute for the magic of old-fashioned competition.

Our quarrel is not with the conclusions which tend to emerge from

Mr. Henderson's argument, but with his dim perception of them and his confused way of stating them in a language and as a part of a system of thought to which they do not belong. If it were not for his disclaimers we would think that he meant what economists generally would have meant twenty years ago, when he says, "The laws of supply and demand represent what is socially desirable now or under any system." We will agree with him if he means no more than that the use of a pecuniary calculus, a system of prices, and their complementary market mechanisms are devices which the community must use in attempting to get the most out of its resources. But from his language it is here, as in many other places, impossible to tell whether his defense is merely of market mechanisms, the whole of the existing order, or something more than the first and less than the second.

The weakness of the argument is, of course, most manifest in the mistaken character and exaggerated emphasis placed upon the "laws" of supply and demand. In the days when men's minds were all agog over the wonderful discovery of "law and order" in nature, and the raw material of economics was keen heads, crude assumptions, and dialectic, it was not strange that men should attempt to discover "the natural laws" of the economic order. If the law of supply and demand means that where the device of vacillating price is used to adjust the production of goods and their use to each other there will be some tendency for the two to agree at a price, the believer is welcome to all the consolation he can extract from so cosmic a truth. But since the result depends upon an appreciation of certain facts by many men, their judgments about these facts, and the human actions which grow out of the judgments, the links in human psychology are too many and too important for a "law" of supply and demand to be even remotely akin to those of natural science. Besides, to rest an explanation of price in terms of such conglomerates as supply and demand is not to state a law; at best it is only to state a problem.

There are other ways to the reality which Mr. Henderson seeks than that of putting up the wine of economic reality in the bottles of metaphysical economics. In fact it is an absence of any knowledge, so far as this volume bears testimony, of the critical and constructive work in economic theory in the last twenty years which makes the book what it is. If it bore no date, and the casual references to the war were eliminated, economic theorists generally would date it from about 1900 to 1910. It represents a first attempt to make a speculative system square with reality. It is indicative of critical and constructive ability of a high order that the author has made such a step for himself. But his work lies so far back of the fighting front of economic theory that the book, except as an intellectual curiosity, is without

value. Other persons, with minds no keener than his, have turned out contributions to a statement of economic theory which are far more significant and far more relevant. These will not satisfy Mr. Henderson at the present stage of his development. They contain no statements of so cosmic a character that they can be printed in italics, much less in the black-faced type which he reserves for his "laws." The matters which make them up are much too untidy to meet his demand for truth that satisfies a "sense of symmetry." But they contain enough of method, vocabulary, and content to eliminate most of the confusions which crowd his volume.

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NEW BOOKS

BECKER, H. *Zur Entwicklung der englischen Freihandelstheorie.* (Jena: Fischer. 1922. Pp. viii, 186. 40 M.)

VON BECKERATH, H. *Kräfte, Ziele und Gestaltungen in der deutschen Industriewirtschaft.* (Jena: Fischer. 1922. Pp. 81.)

BOGARDUS, E. S. *Introduction to sociology.* Third revised edition. (Los Angeles: J. R. Miller, Univ. of Southern California Press. 1922. Pp. 454.)

BOGGS, T. H. *The international trade balance in theory and practice.* (New York: Macmillan. 1922.)

BURKE, E. J. *Political economy, designed for use in Catholic colleges, high schools and academies.* (New York: American Book Co. 1922. Pp. xvi, 480. \$1.40.)

CAPE, E. P. *Lester F. Ward; a personal sketch.* (New York: Putnam. 1922. \$1.75.)

DAMASCHKE, A. *Geschichte der Nationalökonomie. Eine erste Einführung.* Thirteenth edition. (Jena: Fischer. 1922. 30 M.)

DAY, E. E. and DAVIS, J. S. *Questions on the principles of economics.* Revised edition. (New York: Macmillan. 1922. Pp. iv, 124.)

DICKINSON, Z. C. *Economic motives. A study in the psychological foundations of economic theory, with some reference to other social sciences.* (Cambridge: Harvard Univ. Press. 1922. Pp. vii, 304. \$2.50.)

Most economists recognize that the problems underlying the concepts of want, utility, demand, value, interest, rent, and the like, are essentially psychological problems. But these same economists have felt, in the past, that the psychologists were too much concerned with metaphysical subject-matter to offer economics much aid; and, like Veblen, Parker, and their followers, have delved into psychological literature to help themselves. Unfortunately, psychology has been, and still is, very much in a state of confusion. Veblen built up his applications largely on the basis of speculations of McDougall which are now considered by psychologists as very improbable. Parker was chiefly inspired by theories of Freud and other psychoanalysts, which, however plausible in certain details, are rather generally discredited by truly scientific psychologists.

For economic service, therefore, what is urgently needed is just such a careful evaluation of psychological literature applicable to economics as Dr. Dickinson gives us.

Part I gives an historical résumé of the psychology—or should one say psychologies?—underlying theories of political economy from the days of the Greeks to the present. Although this portion of the book is well integrated, one has the feeling that such a lengthy introduction to the immediate problem of economic motives is for all but the philosopher or historian an approach needlessly academic. Fortunately those who yawn over scholarly historic introductions may begin the book with part II, *The Psychological Analysis of Motives*, without losing anything vital to an understanding of the author's theme. To an enumeration of the chapter topics in part II and part III—The newer point of view in psychology; Instinct, aptitudes, and appetites in general; The human instincts and aptitudes; Emotion, pleasure, and pain; The learning process; Learning, reasoning, and rationality; How new motives may be instilled; The present state of economic psychology; Application to economic wants; Utility and cost; Psychology of the valuation process; Psychology in saving; and Work—needs only to be added the statement that the author brings to his fellow economists such an acquaintance with present-day psychology and such a sanity and acuity of judgment in his critique as well entitle him to the Wells Prize.

CHARLES LEONARD STONE.

- GÜNTHER, A. *Sozialpolitik. Part I: Theorie der Sozialpolitik.* (Berlin: Walter de Gruyter & Co. 1922. Pp. ix, 476. 90 M.)
- HAENEL, H. G. *Wertbeeinflussung und Unternehmertätigkeit. Grundzüge einer organischen Theorie der ökonomischen Wertrelationen und ihrer dynamischen Rückwirkungen.* (Jena: Fischer. 1922. Pp. xii, 158. 80 M.)
- HOBSON, J. A. *Incentives in the new industrial order.* The new library of social science, no. 8. (New York: Thomas Seltzer. 1922. Pp. 140. \$1.75.)
- HORNEFFER, E. *Die grosse Wunde. Psychologische Betrachtungen zum Verhältnis von Kapital und Arbeit.* (Munich: R. Oldenbourg. 1922. Pp. iii, 157. 64 M.)
- LEDERER, E. *Grundzüge der ökonomischen Theorie. Eine Einführung.* (Tübingen: Mohr. 1922. Pp. xi, 184. 75 M.)
- MARTZ, C. E. and KINNEMAN, J. A. *Social science for teachers.* (West Chester, Pa.: Temple Press. 1922. Pp. xi, 276.)
- MOELLER, H. *Die sozialökonomische Kategorie des Wertes.* (Leipzig: Franz Deuticke. 1922. Pp. 100. 25 M.)
- MURRAY, R. A. *Leçons d'économie politique suivant la doctrine de l'école de Lausanne.* (Paris: Payot. 1922. Pp. 506. 12 fr.)
The French edition is by Pierre Boven.
- ONCKEN, A. *Geschichte der Nationalökonomie.* In two parts. Part I: *Die Zeit vor Adam Smith.* Third edition. (Leipzig: C. L. Hirschfeld. 1922. Pp. x, 516. 120 M.)
- PICKHAN, H. A. *Grundzüge der allgemeinen Volkswirtschaftslehre.* Third, revised edition. (Jena: Schmidt. 1922. Pp. vi, 174. 85 M.)

- RILEY, E. B. *Economics; including recent examination questions.* (New York: Globe Book Co. 1922. Pp. 96. 60c.)
- SCHWIEDLAND, E. *Volkswirtschaftslehre.* Third edition. (Stuttgart: W. Kohlhammer. 1922. Pp. vii, 460.)
- SHEARMAN, H. P. *Practical economics.* (New York: McGraw-Hill. 1922. Pp. viii, 383. \$2.50.)
- STRAT, Z. *Le rôle de consommateur dans l'économie moderne.* (Paris: Vie Universitaire. 1922. 12 fr.)
- WICKSELL, K. *Vorlesungen über Nationalökonomie auf Grundlagen des Marginalprinzipes.* Vol. II, *Geld und Kredit.* (Jena: Fischer. 1922. 52 M.)
- Handwörterbuch der Staatswissenschaften.* Edited by E. ELSTER, A. WEBER, and F. WIESER. Fourth edition. No. 11. *Irrenwesen-Kapitalrentensteuer.* (Jena: Fischer. 1922. 30 M.)

Economic History and Geography

An Introduction to Economic History. By N. S. B. GRAS. (New York: Harper & Brothers. 1922. Pp. xxiv, 350.)

In the past, economic historians have devoted the greater part of their energies to chronological studies of the industrial, commercial, and social development of particular countries. Slight attention has been given to the evolution of economic institutions the world over. Only of late has the economic historian been attracted to the broader field of comparative analysis and interpretation.

Professor Gras in his *Introduction to Economic History* consistently avoids the well-beaten trails followed by scores of economic historians, and attempts, with marked success, to apply the comparative method to his investigation. This fact alone would give Professor Gras' work real distinction.

In his preface the author states: "Without in any sense being a theoretical exposition of history, the present book has nevertheless a purely economic warp, with a woof as varied as the culture of progressive man." If for no other reason than the force of human inquisitiveness, the student of economic history is led to extend his inquiry into fields which may at first appear to be but distantly related to economic history. In an interesting and instructive manner Professor Gras accomplishes this task of weaving into his account of the five stages in economic development an estimate of the general cultural attainments of man.

The volume is divided into six chapters. Chapter 1 describes the *collectal economy*, the first stage in economic development, referred to by some writers as the period of direct appropriation or the hunting and fishing stage (this latter phrase inadequately expresses the real characteristics of this primitive economy). Professor Gras calls atten-

tion to two types of collectors, the lower and the higher collectors. "The lower collectors were the more primitive. They hunted in smaller groups, used cruder weapons, killed smaller game and were less skilled in battle. Accordingly, they did not possess as good food or as good skins for clothing or tents as did the higher collectors. Although both the higher and the lower were collectors of animals and vegetables, only the higher would develop into the next stage of civilization, the cultural nomadic" (pp. 18-19). Chapter 2 is devoted to a discussion of this stage (the *cultural nomadic economy*), which is characterized by animal culture or plant culture or both. Until quite recently it was assumed that the former universally preceded the latter. However, recent investigations have shown that in some cases the collectional economy was followed immediately by the cultivation of crops. In a note Professor Gras writes: "The view taken here allows for both theories, stressing not the precedence of animal culture or of plant culture, but the fact of a culture of some kind combined with movement from place to place" (p. 45). The care with which the author has here selected and interpreted his evidence is characteristic of his work throughout the entire volume.

The *settled village economy*, the third stage in economic evolution, is described in chapter 3. Concerning this stage the author writes: "It is only when residence in one spot is continuous from season to season, and is ostensibly permanent from year to year, when no change is contemplated, or is part of the regular order of events, that a people may be thought of as really settled, as having entered the stage of 'settled village economy'" (p. 49). Obviously, progress in civilization depends to a large extent upon permanent residence. Inadequate as the organization of trade and industry may have been in this period of man's existence, an interchange of goods between producers and consumers nevertheless occurred.

Town economy (discussed in chapter 4), the fourth stage in economic development, was born when the trader became an independent factor in the economic organization of the community. The retail store came into existence and the market, which under the settled village economy held a position of paramount importance, lost its grip on the trade life of the community. The town possessing certain economic advantages finally sought to extend its trade activity beyond its narrow confines and in many instances became the dominant force in the surrounding territory. Thus, slowly, some towns assumed leadership over wider and wider areas.

The *metropolitan economy*, the last stage in economic development, then emerged. Professor Gras' definition of a metropolis is most significant: "Mere agglomeration of individuals, important as that is, does not constitute a metropolis in the sense used in this book. What

counts most is commercial dominance over a wide area (p. 184). We may think of metropolitan economy as an organization of people having a large city as nucleus, just as town economy had a town as its center. Or we may put it this way, metropolitan economy is the organization of producers and consumers mutually dependent for goods and services, wherein their wants are supplied by a system of exchange concentrated in a large city which is the focus of local trade and the center through which normal economic relations with the outside are established and maintained" (p. 186). Metropolitan development is divided by the author into four stages: the organization of the market, industrial development, development of transportation, and development of financial organization. Not until the fourth stage has been reached can it be said that the metropolis has gained its full growth. To quote the words of the author: "We may visualize the fully developed metropolis very crudely in this way. The retail section is the survival (and extension) of the trade of town economy. The wholesale district represents the first phase of metropolitan economy. The industrial suburb is all that the metropolis has (ultimately) to show of the second phase of its development. The great terminals for railroads and steamships are the generally ugly memorials of the third phase. And the financial district stands for the fourth phase" (p. 269). The two chapters describing the metropolitan economy (occupying nearly one half of the entire volume, altogether 160 pages) are almost entirely devoted to a discussion of the growth of metropolitan centers in England and the United States, although some illustrations are taken from other countries as well.

While today intra-metropolitan ties are of vast importance, the existing inter-metropolitan relations are in many cases equally binding. Metropolitan "spider webs" dot the whole world, some inextricably interwoven, others less so. That metropolitan economy is the dominant note in our present economic organization cannot be deried. Professor Gras is the first to present an adequate analysis of the development and functioning of this economy.

Some exceedingly interesting observations could be made respecting the decay of metropolitan centers as a consequence of the changes wrought by the Great War. Some of the populous cities of Europe, formerly the centers of important metropolitan areas, have been isolated from their spheres of influence. Their present impotency is indeed a tragic reminder of the dependence of the metropolis upon an extended Hinterland.

The value of Professor Gras' book, it should be pointed out in conclusion, has been greatly enhanced by questions, references and notes which are found at the end of each chapter. Suggestions for further study, a detailed table of contents, marginal notes on each page and

numerous maps and diagrams are likewise commendable features of the volume.

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Principles of Human Geography. By ELLSWORTH HUNTINGTON and SUMNER W. CUSHING. Second edition, with maps, diagrams, illustrations, index. (New York: John Wiley & Sons. London: Chapman & Hall, Ltd. 1922. Pp. xiv, 430. \$3.50.)

This is one of a very few textbooks of geography wherein the avowed purpose is to emphasize the *principles* which are fundamental to the subject. The purpose is, on the whole, well carried out in that the book presents in its first chapter an admirable summary of the problem and follows it with chapters that show close connection with its main theme, "the great principles of geography in its human aspects."

The table of contents indicates that the book is divided into 8 principal parts, with a total of 22 chapters. In reality, however, as the reviewer sees it, the work is on a threefold basis: (1) man in his physical environment; (2) man in his plant and animal environment; and (3) man in his human environment. The fundamentals of the physical environment are stated as being location, land forms, water bodies, soil and minerals, and climate. Each of these fundamentals is treated from the standpoint of the effects it produces, *i. e.*, their influences on human development, rather than from the physiographer's point of view. Inasmuch as this part of the work constitutes the essential framework of the whole, the space devoted to it, nearly two thirds of the whole, is fully justified. The remainder of the book is given largely to a discussion of the climatic influences affecting kinds and distribution of plant and animal life and a serious attempt to evaluate their relations to human activities. The last two chapters deal with political geography and do not appear to correlate very closely with what has preceded them.

Viewed as a whole the book is a very commendable contribution to geographic science. The authors have given a sufficient number of specific illustrations to make clear their statements of principles without giving the burdensome details that characterize some contemporaneous works. The language is concise and clear, and interest is easily sustained. The emphasis given climatic influences reflects the well-known views of the senior author, and although not in all cases convincing, certainly serves to stimulate thoughtful discussion.

Critical reading of the text such as is implied in its use for classroom purposes reveals some fundamental weaknesses which it is hoped that later revisions may correct. Among them may be mentioned:

1. The too prevalent tendency to fail to distinguish between theory

and fact. This is conspicuously illustrated in chapter 3 wherein is involved an extended discussion of the relation of the tetrahedral form of the earth to the distribution of the great mountain systems and to the forms of continents. The same may also be said of chapter 20, where the authors emphasize the relation of past climatic cycles to the political and economic movements of Persia, Mesopotamia, Greece, and Rome. The evidence submitted hardly warrants the sweeping statements made.

2. The text states the main outline concisely and forcefully in its first chapter but does not in its succeeding portions make clear the relation to this main outline. Very skilful teaching is necessary in order to avoid having students led into a feeling of scattered mental effort and consequent lack of concentration upon the "principles" that are supposed to be emphasized. The relation of the discussion given in the last chapters to the principles given in the first is too vague to be convincing.

3. The tendency to indulge in some more or less fantastic notions of conservation of natural resources is perhaps amusing rather than harmful. For example, the suggestion is made (p. 199) that the country (by inference, the government) "should take steps to prevent the consumption of oil where 'other' substitutes are available, such as coal on warships, hydro-electric power on railroads, and alcohol in automobiles." The discussion mentioned is at best very remotely geographic and completely ignores even the fundamentals of economics. The conservation of coal is likewise inadequately treated. It suggests the introduction of more or less arbitrary methods of increasing the efficiency of the use of coal, but fails to add that such changes as the building of superpower plants, use of coal gas or other products in internal combustion engines, and the "placing of concrete pillars instead of coal pillars in coal mines" will come only when it will pay to use them. Economic influences on conservation problems must be recognized if soundness of view is the goal sought.

4. Criticism may also be made of numerous statements given, without warrant, as facts. As examples may be cited: "Coal mining is one of the most unhealthful and dangerous occupations. The presence of coal dust and "fire damp" in coal mines impairs the miners' health by constantly obliging them to breathe polluted air." No mention is made of the fact that in the large majority of mines ventilation is so well provided that the air is neither damp, dusty, nor foul. In the petroleum discussion mention is made of shale as a source of fuel oil in the future but states that "we know of no good substitute" for petroleum lubricants. As a matter of fact the prospects of obtaining shale-oil lubricants are about as promising as for shale fuel-oil. It is also stated (p. 201) that the Standard Oil Companies have acquired 85 to

90 per cent of all the oil business in the United States. This figure is beyond question much too high.

The authors evidently are not farmers nor very familiar with farm practices. The statements made (p. 159) in regard to decline in values of farm lands in the Central and Western states as a result of depletion of soil fertility are not warranted by the facts. In the first place, in the so-called Central and Western states west of the Mississippi commercial fertilizers are not yet used to any appreciable extent nor is there any prospect of an extensive use of them in the near future. And, in the second place, there has not been any decline in farm values except as a reaction from a "boom" period—an economic cause, not geographic. Land is now higher than at any previous period with the exception of the peak prices of 1919 and 1920.

The criticisms above mentioned are, however, based on the applications of the principles of geography as given by Huntington and Cushing, and not on the principles themselves. Therein lies the reason why the reviewer feels that the book has high merit. It is an admirable presentation of geographic principles and that, in our judgment, the authors failed to apply them carefully and discriminately in many cases may be accounted for in that the field is broad and the opportunity for over-zealous opinion to crowd into the realm of fact is great.

N. A. BENGTON.

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NEW BOOKS

AGRESTI, O. R. *David Lubin; a study in practical idealism.* (Boston: Little, Brown. 1922. Pp. 372. \$3.50.)

ARNETT, A. M. *The Populist movement in Georgia. A view of the "agrarian crusade" in the light of solid-south politics.* Columbia University studies in history, economics, and public law, vol. CIV, no. 1. (New York: Longmans, Green. 1922. Pp. 239.)

BEER, G. L. *The origins of the British Colonial system, 1578-1660.* (New York: Macmillan. 1922. Pp. viii, 438. \$3.)

BOGART, E. L. *An economic history of the United States.* Third edition, revised and enlarged. (New York: Longmans, Green & Co., 1922. Pp. xiv, 593. \$2.)

Though revision of any economic text is desirable after a lapse of ten years, it was not this fact but the revolutionary changes wrought by the Great War that made revision seem to Dr. Bogart imperative. Herein he differs from those economists who omit much discussion of the war period and its far-reaching influences on the ground that it will be some time before the effects of the war are stabilized enough to be appraised satisfactorily. This revision has evidently not been merely a mechanical matter requiring chiefly scissors and paste, but a thorough rewriting. By omitting here and combining there, Professor Bogart has made room for more than one hundred extra pages and yet has turned out a smaller-sized book. The four original parts are much the same, except for the

absence of an introduction and the insertion of new chapters on the mining industries; moreover, there is a rearrangement and renaming of certain chapters dealing with the Revolutionary period. The most noticeable new feature is the additional part V, entitled "Expansion as a world power," and consisting of nine new chapters which trace development along the several great economic lines from 1900 to the present. There are almost as many illustrations as before and four or five new maps. The extensive bibliography found in the earlier book has been dropped from this.

AMELIA C. FORD.

BRASOL, B. L. *The balance sheet of sovietism*. (New York: Duffield. 1922. Pp. ix, 272. \$2.)

BULKLEY, M. E. *Bibliographical survey of contemporary sources*. New Series, Economic and social history of the World War (British Series), published on behalf of the Carnegie Endowment for International Peace. (New York: Oxford Univ. Press. 1922. Pp. xvii, 631.)

A substantial bibliographical list covering publications to the end of 1920. A special effort has been made to include all "Parliamentary" and "Official" publications, but in addition there are references to pamphlets, reports of societies, and articles in about 35 different periodicals. Only a few foreign books are included. The entries are grouped by subjects and at the end is a very full index of subjects and authors.

CALVERT, H. *The wealth and welfare of the Punjab*. (Lahore, India: Civil and Military Gazette Press. 1922. Pp. xvii, 224.)

CHASE, L. A. *Michigan*. Rural state and province series, edited by L. H. BAILEY, (New York: Macmillan. 1922. Pp. xi, 492.)

CRESSON, W. P. *The Holy Alliance. The European background of the Monroe Doctrine*. Publications of the Carnegie Endowment for International Peace, Division of International Law. (New York: Oxford Univ. Press. 1922. Pp. vi, 147. \$1.50.)

DAWSON, R. M. *The principle of official independence. With particular reference to the political history of Canada*. Introduction by GRAHAM WALLAS. Studies in economics and political science. (London: King. 1922. Pp. xv, 268. 10s. 6d.)

DAY, C. *A history of commerce*. Revised and enlarged. (New York: Longmans, Green. 1922. Pp. 676. \$2.50.)

DAYEL, M. *Le renouveau économique de l'Allemagne*. With a preface by M. SEYDOUX. (Paris: Presse Universitaire. 1922. Pp. 171.)

DOPSCH, A. *Die Wirtschaftsentwicklung der Karolingerzeit vornehmlich in Deutschland*. Part II. With index for both parts. Second revised and enlarged edition. (Weimar: Hermann Böhlaus Nachfolger. 1922. Pp. 489. 200 M.)

ELLIOTT, L. E. *Chile, today and tomorrow*. (New York: Macmillan. 1922. Pp. x, 345. \$5.)

VON ENGELN, O. D. *Inheriting the earth, or the geographical factor in national development*. (New York: Macmillan. 1922. Pp. xvi, 379. \$2.)

Place is "the essential and significant basis of all human association."

In this statement of the author's thesis, the indefinite article would have been more appropriate. There are many bases and we have no means of measuring and comparing their essentiality, while significance is a matter of what we choose to be interested in. To the author, who is a geographer, place is the interesting aspect of human life. From this point of view he considers a wide range of facts and problems, historical, political, and economic. His casual opinions on some great questions may or may not strike the reader as wise, but when Professor von Engel'n enters into geographical details he becomes more convincing. He insists on the possession of place as a fundamental bond of nationality. The relations between civilized nations in the common effort to utilize their natural resources are then considered by him and a coöperative ideal is set forth for "inheriting the earth." The two chapters on the "conquest of the tropics" with which the book concludes are so suggestive that they may be especially recommended to the economist.

G. A. K.

FORD, H. *My life and work*. Written in collaboration with SAMUEL CROWTHER. (Garden City, N. Y.: Doubleday, Page. 1922. \$3.50.)

HASSE, A. R. *Index to economic material in the documents of the states of the United States. Pennsylvania*, part III, rainfall to Z. (Washington: Carnegie Institute of Washington. 1922. Pp. 230. \$4.25.)

HELLER, A. A. *Industrial revival in soviet Russia*. (New York: Thomas Seltzer. 1922. Pp. xi, 224. \$1.50.)

HOSCHILLER, M. *Une enquête en Allemagne*. Third edition. (Paris: Felix Alcan. 1922. Pp. xxi, 183.)

JENKINSON, H. *A manual of archive administration including the problems of war archives and archive making*. New Series, Economic and social history of the World War (British Series), published on behalf of the Carnegie Endowment for International Peace. (New York: Oxford Univ. Press. 1922. Pp. xviii, 243.)

JOHNSEN, J. E., compiler. *China and Japan: a study outline*. The reference shelf, vol. I, no. 2. (New York: H. W. Wilson Co. 1922. Pp. 51. 75c.)

LEVERMORE, C. H. *League of Nations, second year book: January 1, 1921-February 6, 1922*. (Brooklyn, N. Y.: Brooklyn Daily Eagle. 1922. Pp. 428. \$1.50.)

The term "League of Nations" is broadly interpreted to cover the Supreme Council, the Washington Conference, the Pan American Union as well as the League of Nations at Geneva. For what is said about the last named, authority is derived from its official publications.

MAGNÉ E. *Bourgeois et financiers du XVII^e siècle. La joyeuse jeunesse de Tallemant des Réaur, d'après des documents inédits*. (Paris: Emile-Paul. 1921. 7.50 fr.)

MASLOFF, S. S. *Russia after four years of revolution*. (London: King. 1922. Pp. 237. 5s. 6d.)

MILJUTIN, W. P. *Die Organisation der Volkswirtschaft in Sowjetrussland*. (Berlin: A. Seehof & Co. 1921. Pp. 47.)

DU PONT, B. G. *E. I. du Pont de Nemours and Company: a history 1802-1902*. (Boston: Houghton Mifflin Co. 1920. Pp. 196. \$2.)

Of interest not only as a history of various members of the du Pont family, but also as source material dealing with the establishment of an important industry and the early growth of a capitalistic enterprise.

REMER, C. F. *Readings in economics for China. Selected materials with explanatory introductions*. (Shanghai, China: Commercial Press, Ltd. 1922. Pp. x, 685.)

A Chinese student has generally been compelled to approach the study of economics with the guidance only of books designed for use in other countries and offering him only facts so foreign to his experience as to be largely unintelligible, and thus of limited value in interpreting the life of his own country. The present collection illustrates the range of topics usual in introductory courses in economics by means of well-selected articles or chapters dealing chiefly with the phenomena of Chinese life, with a judicious resort, also, to foreign (chiefly American) writers for exhibiting contrasts between the two civilizations, and for the exposition of principles having a general applicability. The book is calculated to be of service also to non-Chinese students of China.

A. P. W.

RHODES, J. F. *The McKinley and Roosevelt administrations, 1897-1909*. (New York: Macmillan. 1922. \$4.)

SERING, M. *Die Krisis der Weltwirtschaft und die auswärtige Wirtschaftspolitik*. (Jena: Fischer. 1922. Pp. 24. 15 M.)

SNELLER, Z. W. *Economische en sociale denkbeelden in Nederland in den aanvang der negentiende eeuw (1814-1880)*. (Haarlem: Tjeenk Willink. 1922. 0.60 fl.)

STODDARD, L. *The revolt against civilization*. (New York: Scribner's. 1922. Pp. 275. \$2.50.)

TANSILL, C. C. *The Canadian Reciprocity treaty of 1854*. Johns Hopkins University studies in historical and political science, series XL, no. 2. (Baltimore: Johns Hopkins Press. 1922. Pp. 96.)

THRALLS, Z. A. *The geography of Pennsylvania*. (New York; Macmillan. 1922. Pp. 110.)

TITTONI, T. *Modern Italy; its intellectual, cultural and financial aspects*. Publications of the Institute of Politics, Williams College, Williamstown, Mass. (New York: Macmillan. 1922. Pp. v, 235. \$2.)

WARSHAW, J. *The new Latin America*. (New York: Thomas Y. Crowell Co. 1922. Pp. 415. \$3.00.)

The chief aim has been "to present a faithful picture of progressive Latin America, the Latin America of today." The treatment covers a wide variety of topics, political, social and commercial. Conditions in every country in Latin America, from Mexico to Southern Argentine (except the Guianas), are discussed. As a storehouse of interesting facts about present conditions in Latin America and recent progress, the book is valuable. It was written during Latin America's great wartime and after-war prosperity, and while enthusiasm in the United States for Latin-American trade was at its height. The book stresses Latin America's recent progress and is extremely optimistic over her

future. The virtues of the Latin-American people, which the author rightfully believes are many, are strongly praised, and the vices are for the most part either ignored or excused.

In his judgments the author makes little discrimination among the peoples of the different Latin-American countries. To the reviewer, who has just spent seven months in South America during its period of after-war depression, the book appears unduly optimistic, at least so far as the immediate future is concerned; and extensive traveling among the widely different conditions found in different South American republics makes the reviewer doubtful about the value of broad generalizations concerning Latin America as a whole. Conditions in the nearby states of Uruguay and Paraguay, for example, are about as different as day and night. Tropical South America and temperate South America have something in common, but the contrasts are more important than the similarities.

E. W. KEMMERER.

WEBER, G. A. *The Weather Bureau: its history, activities and organization*. Institute for government Research, Service monographs, no. 9. (New York: Appleton. 1922. Pp. xii, 87.)

La débâcle des Soviets et la restauration économique de la Russie. (Paris: 5 Place du Palais-Bourbon. 1922. Pp. xxxi, 208.)

Encyclopaedia Britannica. Twelfth edition: three new vols. (XXX-XXXII). (New York: Encyclopaedia Britannica Corp., 342 Madison Ave. 1922. Pp. 3371. \$31.50.)

The financial reconstruction of Austria. Supplement to the *Monthly Summary*, October, 1922. (Geneva: League of Nations, Information Section. 1922. Pp. 31.)

Hammond's business atlas of economic geography. (New York: C. S. Hammond & Co. 1921. Pp. 96. \$1.)

Los Angeles today, April, 1922. (Los Angeles: Los Angeles Chamber of Commerce. 1922. Pp. 32.)

Manchuria, land of opportunities. (New York: South Manchuria Railway. 1922. Pp. ix, 118.)

A report of the development of Manchuria since the close of the Russo-Japanese War, "set forth in facts and figures with a careful avoidance of debatable questions of international politics." Contains many illustrations, diagrams, and a map.

Michigan bibliography. A partial catalogue of books, maps, manuscripts miscellaneous materials relating to the resources, development and history of Michigan from earliest times to July 1, 1917; together with citation of libraries in which the materials may be consulted, and a complete analytic index by subject and author. Prepared by F. B. STREETER for the Michigan Historical Commission. Two vols. (Lansing, Mich.: Historical Commission. 1921.)

Moral and material progress and condition of India: statement for 1921. (London: H. M.'s Stationery Office. 1922. 2s. 6d.)

Report on the economic conditions in South Africa, July, 1922. (London: H. M.'s Stationery Office. 1922. 1s. 6d.)

Report on economic and commercial situation of Austria, to July, 1922. (London: H. M.'s Stationery Office. 1922. 1s. 6d.)

Rubber situation in British Colonies and Protectorates. Supplementary report of Committee. (London: H. M.'s Stationery Office. 1922. 3d.)

Social and labour conditions in Sweden. Reprinted from the *Swedish Year-Book, 1922.* (Uppsala: Almqvist & Wiksells Boktryckeri. 1922. Pp. 26. 25 öre.)

Agriculture, Mining, Forestry and Fisheries

The Economic Aspects of Geology. By C. K. LEITH. (New York: Henry Holt & Co. 1921. Pp. xiii, 457.)

This work, by the chairman of the Committee on Domestic and Foreign Mining Policy of the Mining and Metallurgical Society of America, and mineral adviser to the Shipping and War Industries Board, recently associated with the taxation boards of Wisconsin and Michigan, and the Paris commission to negotiate peace, deserves the attention of every economist. More and more is it realized that labor has exchangeable value only when its fruits are in material form, that its value largely depends on the material upon which it is employed or which is employed to aid it, and that modern civilization depends on a supply of materials that it has hardly known. How many realize how essential platinum is?

The form of the book is that of lectures, and some of the advice to young geologists in chapters 1 and 22, economists can pass over lightly. Chapters 1 to 3 give a brief general account of geologic fact and theory, especially as affecting the subject-matter, that will help one who has had no geological training to understand the rest of the book. Chapter 4 gives a general outline of the importance, the size, and the increasing rate of production of mineral substances as a whole. Throughout, the author avoids tables of statistics, and gives merely significant figures to illustrate, rather than to prove, his points. It is then a book to suggest and to inspire thought rather than to be used for reference, or as an arsenal for argument. Thus the author clearly states on page 11. One at times wishes he had used a few more figures. The concentration of production in spots, the accelerated rate of production, the vast experiment in tapping the forces and materials of nature, the enormous capital value of the whole (\$150,000,000,000, the figure is blurred in my copy on the bottom line of p. 64), and the possible Frankenstein nature of the genius thus raised are brought out.

Then follows a detailed consideration of substances taken up in the philosophic order of their economic or imperative necessity to man, water (he neglects the value of pure air), fertilizers, and food sources, energy resources, the metals used in iron and steel, copper, lead and zinc, gold, silver and platinum, miscellaneous, metallic and non-metallic

minerals. He thus proceeds from the important and abundant to the unimportant and not abundant. Salt comes relatively late. The reviewer brings it in earlier. Salt taxes are necessity taxes. Under each title are given first the economic features, to wit, the uses, the important features that affect these uses, the main range of demand and the main fields of supply. Then under geologic features he describes the source. Here he puts concisely what is generally accepted as to their form and origin, and, with almost uncanny fairness and accuracy, states the divergence when there are diverse views as to their geological origin or occurrence. This is very well done. To the geological student it would have been of more value if references to a good authority representing opposing views, or giving a bibliography, had been added. But the economist will find it valuable as it is, for questionable views are almost always stated as such.

In fact the author is very guarded in stating his own opinion, and is remarkably clever at times in making a statement that covers somewhat differing viewpoints. One might imagine an effect of the Hotel de Crillon atmosphere.

Chapter 14 discusses various methods of exploration and development, calls attention (p. 325) to the tendency of profits to fall off with depth, and to the fact that in exploration on a large scale, like that of the United States Steel Corporation, "on the average it may be predicted for any district in an exploration of sufficient magnitude, how much iron ore is likely to be cut in vertical or horizontal dimensions," *e. g.*, 13 per cent of the Mesabi Range productive formation. The calculations on page 326 are well worth following to see some of the factors that determine exploration, and the expenditure of the steel companies needed to keep up their ore output. But just what he means by ore in this connection is not made quite plain, and as he elsewhere remarks, and as he and the reviewer both know, what was not ore thirty years ago is ore now.

In valuation (p. 332) he uses the method which is the common one, and the one used by Hoover, of assuming a certain rate of interest on the money to be earned and an additional amount of money over and above, which safely invested at a lower rate will return the capital invested when depletion of the natural resource is complete. But this is practically never done and it seems to the reviewer not only simpler but theoretically sounder to add the present worth of the payments to be expected from a mine, each discounted to the present by the interest rate which ought to be expected, or is actually earned, by money invested in the industry in question.

The next three chapters, 15, 16, 17, on the valuation and taxation of mineral resources, laws relating to mineral resources and their conservation, are well worth careful reading, just to bring to the mind

considerations which are often overlooked. Here the experience of the writer serves the reader, and the fair and broad-minded way in which he states conflicting views.

Once in a while indeed the author does indulge in a positive statement, *e. g.*, "The most effective conservation measures yet in effect are the ones dictated by self-interest and instituted by private initiative." To illustrate this he gives a remarkable summary of the methods which have been used and proposed for the conservation of coal, pointing out those that are practical, those merely theoretical, and those which will probably not work well, concluding that the "most obviously helpful step possible to the government in the immediate future is to permit coöperative arrangements—properly regulated by the government" (p. 363).

In chapter 18 he passes to international aspects of mineral resources, pointing out how resources important to civilization may come from one or a few sources, and how therefore there is great chance of friction, and great need and possibility of international coöperation, the situation being much as though Pennsylvania could lay an export tax on anthracite, or suddenly prohibit it altogether. He also discusses the position of the United States in regard to supplies of various materials, and gives references to books on the same topic. Chapter 19 is a brief one, that might have been greatly expanded, showing the importance of geology in the recent war. Chapter 20 gives a few illustrations in the field much more extensively covered in Ries' *Engineering Geology* of the importance of geological considerations in engineering construction, and chapter 21 closes with good advice.

Comparing this book with allied books: Spurr's *Political and Commercial Geology* is much fuller in statistical tables. Smith's *Strategy of Minerals* is a smaller book and more concerned with international relations. Ries' *Economic Geology* has a wealth of illustrations, small maps, etc., which this book lacks. Any one interested in resource administration and conservation would do well also to compare these studies with Pogue's studies for the Smithsonian Institution. *The Atlas of Commercial Geology*, issued by the United States Geological Survey, would be a good companion at hand, for this book is less illustrated but more readable than many. Careful reading and digestion of Leith's book by leaders of economic thought should lead to an increase of that economic entropy which should be the goal of economic life, as an increase in dynamic entropy is the goal of the physical universe.

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The Economics of Tenancy Law and Estate Management, Being a Course of Public Lectures Delivered in the University of Allahabad, February to April, 1921. By H. STANLEY JEVONS. Bulletin No. 17. (Allahabad, India: The University, Economics Dept. 1921. Pp. 114.)

The author, H. Stanley Jevons, is the son of the late William Stanley Jevons, who occupies so distinguished a position in the history of economic thought. The present work has a significance which is more or less disguised by the rather cheap appearance of this bulletin in pamphlet form. The treatise is one which no one who is interested in land economics can afford to neglect, especially if he is interested in agricultural land. Professor Jevons describes the tenancy in India as it actually is and describes changes in tenancy and land tenure which are demanded by the situation in India. He holds that with satisfactory land policies the agricultural product of India would be multiplied by two and perhaps by three and the whole standard of life of the Indian population raised correspondingly. The following is a quotation:

Agricultural experts are unanimously of opinion that the average yield of produce per acre in India could be doubled, and in many parts even trebled; and the effects of this in providing cheaper food and cheaper clothing for the whole population, and in setting free labor for the manufacture of machinery and luxuries, would be almost beyond the imagination. The result would be the raising of the standard of living to that of a European country. It is essential, therefore, that the tenancy policy should aim at increasing the gross produce of the soil to the utmost.

There has been a good deal of discussion as to whether the aim in agricultural production should be the maximum per acre of land or the maximum per capita. In India Professor Jevons thinks that the welfare of the Indian people demands that stress should be laid upon the "greatest yield per acre of every crop according to the locality which it suits best."

What will especially interest the American student of agricultural economics is the position that Jevons takes with respect to tenancy and large land holdings. The welfare of India, according to this author, demands large land holdings and good tenancy. The measures he recommends are those which would make of land ownership a profession so that the landholder should take the leadership in improvement and help to make tenancy desirable for the tenant and for India. The land policies which Professor Jevons advocates are based upon Indian conditions where the great masses of population are illiterate as well as very poor. While the conditions are very different in the United States, there is much that is suggestive in this work by Professor Jevons for those who are working on the subject of American

land policies. We see very rash opinions expressed in regard to tenancy in the United States; and it is well for those who are attempting to guide us in our future land policies to make comparative studies of tenancy in different parts of the world and the various systems of land ownership, in order that safe conclusions may be reached.

R. T. ELY.

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NEW BOOKS

BROOKS, A. H. and others. *Mineral resources of Alaska, report on progress of investigations in 1920.* U. S. Geological Survey, bull. 722. (Washington: Supt. Docs. 1922. Pp. 266.)

BURRITT, M. C. *The county agent and the farm bureau.* (New York: Harcourt, Brace & Co. 1922. Pp. xvi, 269. \$1.50.)

CAPPER, A. *The agricultural bloc.* (New York: Harcourt, Brace & Co. 1922. Pp. vii, 171.)

COPLAND, D. B. *Wheat production in New Zealand.* (Melbourne and London: Whitcomb & Tombs, Ltd. 1922. Pp. xviii, 311.)

The early part of this book deals with the consumption and production of the world wheat crop, and of the adaptation of New Zealand for the production of wheat. The quality and the improvement of wheat occupy a chapter each.

The latter two thirds of the book contains much that will be of interest to economists. The history of wheat growing in New Zealand is traced from its beginning, about 1850, to about the opening of the World War. The correlations between the supply and the price of wheat, and between the area of wheat grown and the price are shown in graphs and tables. Wheat in New Zealand was a pioneer crop. In recent years the growth of the sheep and dairy industries have restricted very greatly the area and production of wheat. Relatively the prices prevailing for meat and dairy products have been more favorable than the wheat prices.

A long chapter on the price of wheat gives the orthodox view of speculation and the relation of supply to demand with some very good supporting evidence.

One of the primary causes of the decline in wheat growing, according to the author, is the tendency of the country people to leave the farms and go into urban industries. Possible remedies taken from *Cost of Living Report* are: small holdings; the erection of workers' dwellings; the promotion of rural facilities by the government. The author appears to regret the transition from wheat farming to live stock and dairy farming, though just why he should do so is not altogether clear until it is found that he fears a monopoly on the part of millers over the wheat supply. To be effective this would of course require a tariff on flour, or even on wheat. Indeed, New Zealand already has a tariff on both wheat and flour. The farmers to some extent approve of the tariff, yet the author is of the opinion that general free trade would be much more advantageous to the farmers as a class. It is hardly likely that American readers will share the author's views with respect to the dangers incident to a shortage of wheat in a country situated as is New Zealand. The ease of importation will, at least at a distance, appear to offer security to the people so far as a supply of bread is concerned. However,

the book is useful and interesting. It is a bit of economic history carefully presented and interpreted.

B. H. HIBBARD.

DUNCAN, J. F. *Agriculture and the community*. (London: International Bookshops, Ltd. 1921. Pp. x, 119.)

FRANCE, J. I. *The present and future welfare of the American farmer*. Cong. Record, 62 (1922), no. 136, pp. 8254-8279. (Washington: Supt. Docs. 1922.)

GIBBS, W. E. *The fishing industry*. (New York: Pitman. 1922. Pp. viii, 135. \$1.)

GILLETTE, J. M. *Rural sociology*. (New York: Macmillan. 1922. Pp. xii, 569.)

GRANGE, H. *Wheat costings, 1914 and 1919-1922, showing the cost of wheat production in each year and a method of ascertaining the cost of corn-growing in any year*. (London: King. 1922. Pp. 16. 1s. 6d.)

GRAY, E. J. *Minority report on Calder coal bill*. (Washington: Nat. Coal Assoc. 1922. Pp. 14.)

JOHNSON, R. H. and others. *The business of oil production*. (New York: Wiley. 1922. Pp. v, 264. \$3.50.)

LOUGHLIN, G. F. *Mineral resources of the United States*. Part II, *Non-metals, 1917*. U. S. Geological Survey. (Washington: Supt. Docs. 1922. Pp. vi, 33.)

POWELL, F. W. *The Bureau of Mines: its history, activities and organization*. Institute for Government Research, Service monographs no. 8. (New York: Appleton. 1922. Pp. x, 162.)

ROBBINS, H. *The labor movement and the farmer*. (New York: Harcourt, Brace & Co. 1922. Pp. vi, 195.)

ROCHELEAU, W. R. *Minerals; the first book of the Great American Industries series*. (Chicago: A. Flanagan Co. 1922. Pp. 212.)

SANDERSON, D. *The farmer and his community*. The farmer's bookshelf. (New York: Harcourt, Brace & Co. 1922. Pp. 254. \$1.25.)

SUMMERS, A. L. *Anthracite and the anthracite industry*. (New York: Pitman. 1922. Pp. ix, 126. \$1.)

THOMAS, A. F. *The way out, economic, industrial, financial*. (Lynchburg, Va.: J. P. Bell Co. 1922. Pp. 272.)

Coal, coke and by-products industries of the British Empire and foreign countries, 1913-1919. Part III. Issued from the Imperial Mineral Resources Bureau. (London: H. M.'s Stationery Office. 1922. 7s.)

International year book of agricultural legislation, 1922. (Rome: Intern. Inst. of Agri. 1922. Pp. 1200. \$3.)

Mineral resources of Michigan; with statistical tables of production on value of mineral products for 1920 and prior years. Prepared under the direction of R. A. SMITH, state geologist, in coöperation with the United States Geological Survey. (Lansing, Mich.: Michigan Geological and Biological Survey. 1922. 143.)

Manufacturing Industries

NEW BOOKS

- ALLEN, F. J. *The shoe industry*. American business series. (New York: Henry Holt. 1922. Pp. xxxvi, 415.)
- BRYANT, R. C. *Lumber: its manufacture and distribution*. (New York: John Wiley & Sons. 1922. Pp. xxi, 589. \$4.50.)
- KOBAYASHI, U. *Military industries of Japan*. Publications of the Carnegie Endowment for International Peace, Division of Economics and History. (New York: Oxford Univ. Press. 1922. Pp. xv, 263. \$2.25.)
- MOORE, A. S. *Linen*. Staple trades and industries, vol. III. Edited by GORDON D. KNOX. (New York: Macmillan. 1922. Pp. viii, 205. \$3.)
- NORMAN, O. E. *The romance of the gas industry*. (Chicago: McClurg. 1922. Pp. 200. \$1.50.)
- Davison's textile "blue book."* Thirty-fifth edition. (New York: Davison Pub. Co. 1922. Pp. 1670. \$7.50.)
- The saw in history; a comprehensive description of the development of this most useful of tools from the earliest times down to the present day.* Sixth edition. (Philadelphia: H. Disston & Sons. 1922.)

Transportation and Communication

NEW BOOKS

- BERNHARDT, J. *The Alaskan Engineering Commission: its history, activities and organization*. Institute for Government Research, Service monographs, no. 4. (New York: Appleton. 1922. Pp. xii, 124.)
- BRADLEE, F. B. C. *The Eastern Railroad: an historical account of early railroading in eastern New England*. Second edition, enlarged. (Salem, Mass.: Essex Institute. 1922. Pp. iv, 122.)
- CUNNINGHAM, W. J. *American railroads: government control and reconstruction policies*. (Chicago: A. W. Shaw Co. 1922. Pp. 407. \$8.)
- JOHNSON, J. E., compiler. *St. Lawrence River ship canal*. The reference shelf. (New York: H. W. Wilson Co. 1922. Pp. 74. 75c.)
Briefs, references, and reprints of selected articles on both sides of the question.
- LASKER, A. D. *What are we to do with our government-owned ships? Do we need a merchant marine for peace and war?* (Washington: U. S. Shipping Board. 1922. Pp. 43.)
Statement by the chairman of the United States Shipping Board at the joint hearing before the Senate Committee on Commerce and the House Committee on Merchant Marine and Fisheries on the proposed bill to provide aids for American shipping.
- LOREE, L. F. *Railroad freight transportation*. (New York: Appleton. 1922. Pp. xxx, 771. \$5.)
- OGDEN, G. D. *The railroads as factors in the nation's business stability*. An address before the annual convention of Indiana Bankers' Associa-

- tion, Indianapolis, Sept. 13, 1922. (Philadelphia: Pennsylvania Railroad System. 1922. Pp. 20.)
- PRATT, E. A. *Scottish canals and waterways*. (London: Selwyn & Blount. 1922. 10s. 6d.)
- REA, S. *The railroad situation*. Address by the president of the Pennsylvania Railroad System before the Commercial Club of Chicago, November 17, 1922. (Philadelphia: Pennsylvania Railroad System. 1922. Pp. 25.)
- SCHULTZ, B. *Die volkswirtschaftliche Bedeutung der Eisenbahnen*. (Jena: Fischer. 1922. 75 M.)
- SHORT, L. M. *The steamboat-inspection service: its history, activities and organisation*. Institute for Government Research, Service monographs, no. 8. (New York: Appleton. 1922. Pp. x, 130.)
- WHITFORD, N. E. *History of the Barge Canal of New York state. Supplement to the Annual Report of the State Engineer and Surveyor for the year ended June 30, 1921*. (New York: J. B. Lyon Co. 1922. Pp. 585.)
- WILSON, H. G. *Special freight services, allowances and privileges*. The traffic library, part I. Prepared under the direction of the Advisory Traffic Council of the American Commerce Association. Third edition. (Chicago: Am. Commerce Assoc. 1922. Pp. xiv, 376.)
- Bibliography of the Nashville, Chattanooga & St. Louis Railway*. (Washington: Library, Bureau of Railway Economics. 1922. 27 cyclostyled sheets.)
- Hammond's mercantile marine atlas of the world*. (New York: C. S. Hammond & Co. 1922. \$55.)
- Old-time ships of Salem*. Second edition. (Salem, Mass.: Essex Institute. 1922. Pp. 86.)
- Public utility laws; a summary of the laws creating the state public utility commissions, giving an analytical digest of their jurisdiction and powers over transportation companies*. (New York: Am. Electric Railway Assoc. 1922. Pp. 510.)
- Traffic geography*. The traffic library, prepared under the direction of the Advisory Traffic Council and by the Board of Authors and Contributors to the American Commerce Association. Fifth edition. (Chicago: Am. Commerce Assoc. 1922. Pp. xi, 321.)

Trade, Commerce, and Commercial Crises

NEW BOOKS

- RÖPKE, W. *Die Konjunktur. Ein systematischer Versuch als Beitrag zur Morphologie der Verkehrswirtschaft*. (Jena: Fischer. 1922. Pp. ix, 138.)
- Selected bibliography of foreign trade, 1922. A carefully digested list of titles representing the consensus of opinion among leading foreign trade economists, editors, educators and exporters*. (New York: National Foreign Trade Council, India House, Hanover Sq. 1922.)

Trade conditions in Spain. (Boston: Nat. Shawmut Bank. 1922. Pp. 4.)

Trade and industries of the Far Eastern Republic. (Washington: Special Delegation of the Far Eastern Republic to the U. S. 1922. Pp. 108.)

Accounting, Business Methods, Investments, and the Exchanges

Personnel Relations in Industry. By A. M. SIMONS. (New York: The Ronald Press Company. 1921. Pp. xi, 341. \$3.00.)

It is too much to expect that an author will be entirely consistent, but it is rather surprising that the opening statement of a book should practically negative the general principles underlying the whole work. Here is an excellent treatise on industrial organization and management in which the controlling thought is that we must see things whole, that is, that personnel relations are not simply one aspect of industrial engineering to be considered by itself, but that every department of industry should be viewed in its bearings upon human relationships, and yet the author begins by saying that "every social institution is specialized to perform one function. . . . The fundamental function of industry is to produce the goods needed by society. . . . Whatever interferes with production threatens industry and the society built upon it."

No one questions the importance of production, but this is going too far. It seems to imply that man's chief end in life is to produce wealth. This may "sell" the author's ideas to the business world, but it is a wrong start with readers who view human progress in a broader way, and who see in industry the chief, if not the sole opportunity for the physical, mental, and social development of the vast majority of mankind.

It is true that production for the author means long-time and not immediate results at any cost, but why insist that the personnel manager should always keep this goal in mind? If it is true—and the author has done much to prove that it is—that human relationships in industry when based upon scientific principles, or in other words, psychological laws, are bound to make for greater production, why not stress the importance of making such relationships right and keep that always in mind rather than the other way around? In fact this is really the spirit of the book and it seems unfortunate that it should not be apparent in the introductory part.

The book deals primarily with principles and only incidentally with practice or technique, though a hasty glance through the table of contents, with its chapters on application blanks, mental and trade tests, introducing the new employee, interesting labor in industry, training, adjustments, transfers, promotions, discharge, labor turn-

over, organization of the personnel department, etc., would give quite a different impression.

It is difficult to appraise correctly a work on the science of human relations in industry in view of the fact that the art or profession of personnel or employment management has only been recognized or considered in very recent years and has not yet been standardized as to its scope or technique. It is certain, however, that this book ought to find a place on the desk of every person engaged in personnel work or, for that matter, in any phase of industrial management.

CARROLL W. DOTEN.

Massachusetts Institute of Technology.

NEW BOOKS

- AIKEN, C. R. *Millinery*. Merchandise manual series. (New York: Ronald. 1922. Pp. xix, 188. \$1.25.)
- BENNETT, G. E. *Advanced accounting*. (New York: McGraw-Hill. 1922. Pp. xiv, 661.)
- BERNHARDT, J. *Twentieth century bookkeeping and accounting; a treatise on the principles of accounting and bookkeeping practice applied by modern bookkeepers and accountants*. Fifteenth edition, for use in all schools that teach bookkeeping and accounting; by JAMES W. BAKER. (Cincinnati, O.: Southwestern Pub. Co. 1922. Pp. 384.)
- BINDER, R. M. *Business and the professions*. (New York: Prentice-Hall. 1922. Pp. x, 425.)
- BONNEY, L. E. and COLE, C. P. *Handbook for business letter writers*. (New York: Harcourt, Brace. 1922. Pp. 98. \$1.)
- BRITTON, W. E. and BAUER, R. S. *Cases on business law*. (St. Paul: West Pub. Co. 1922. Pp. 1563.)
- BURTON, J. H. *Sinking funds, reserve funds and depreciation*. (New York: Pitman. 1922. Pp. vii, 91, \$1.25.)
- CARTNELL, M. *Stores and materials control*. (New York: Ronald. 1922. Pp. 450. \$4.50.)
- CLARK, F. E. *Principles of marketing*. (New York: Macmillan. 1922. Pp. vi, 570.)

As the literature of marketing grows in volume, one is impressed with the degree in which each author's personal interest and specific field of research influences his presentation of the subject. Developed originally as lecture notes and tested for several years by the author and other instructors in marketing, the content of Dr. Clark's book gives a balanced presentation of the principles of marketing that promises a wide usefulness as a fundamental textbook.

In the description of those phases of marketing that rest upon accepted economic teaching, the tone of the book is authoritative. It is in his discussions of the many debatable phases of marketing that commendation is due the author for his skill in presentation, fairness and thoroughness. His chapters on elimination of middlemen and price maintenance and the three concluding chapters devoted to criticism of the elements of

marketing efficiency, cost of marketing, and the wastes of modern practices and methods are real contributions on subjects of keen interest to business men or social or economic students.

Dr. Clark emphasizes the need for study of the social significance of marketing but points out that those who would cure the ills of marketing by the application of drastic remedies lose sight of the fact that "so expensive a part of our industrial mechanism as the marketing machinery—is an intricate and delicate mechanism, and change should develop only from investigation and experience."

The copious footnotes lend added value to the book. But, happily, it is not necessary to read the references given in the footnotes in order to understand the content.

In his development of the economic phases of marketing functions and of the operating methods of marketing structures, the author provides a sound foundation for advanced courses in the practices and methods of the organizations engaged in the art of marketing.

W. E. FREELAND.

CLEVELAND, F. A. *Funds and their uses*. Revised and enlarged. (New York: Appleton. 1922. Pp. xxiii, 425. \$3.)

CORNELIUS, A. L. *The law of land contracts*. (Chicago: Callaghan & Co. 1922. Pp. xvi, 671.)

DAVIDSON, C. E. *The Mechanic's Lien law of Illinois. A lawyer's brief upon the topic, written designedly also for the use of the layman*. (St. Louis: Law Printing Co. 1922. Pp. 224.)

DEFFENDALL, P. H. *Actual business English*. (New York: Macmillan. 1922. Pp. 202.)

DROKE, M. *Making a success of salesmanship*. (Chicago: Dartnell Corp. 1922. Pp. 96.)

DRURY, H. B. *Scientific management; a history and criticism*. Columbia University studies in history, economics and public law, vol. LXV, no. 2. Third edition revised and enlarged. (New York: Longmans, Green. 1922. Pp. 271. \$2.75.)

FARRINGTON, F. *Getting more drug store business*. (Boston: Spatula Pub. Co. 1922. Pp. 196.)

———. *Meeting chain store competition*. (Chicago: Byxbee Pub. Co. 1922. Pp. 151.)

———. *Meeting mail order competition*. (Chicago: Byxbee Pub. Co. 1922. Pp. 239.)

FASSIO, M. *Organizzazione industriale moderna*. (Turin: Fratelli Bocca. 1922. 18 l.)

FINNEY, H. A. *Consolidated statements for holding company and subsidiaries*. (New York: Prentice-Hall. 1922. Pp. vii, 229.)

FLEMING, A. P. M. and BROCKLEHURST, H. J. *An introduction to the principles of industrial administration*. (London: Pitman. 1922. Pp. 140. 3s. 6d.)

GAINES, M. W. *The art of investment*. (New York: Ronald. 1922. Pp. iv, 225. \$2.)

GARCELON, W. F., editor. *Decisions of the Board of Appeal under "New England terms for buying and selling American cotton."* First six editions, including all decisions to September 1, 1921. (Boston: N. E. Cotton Buyers' Assoc. 1922. Pp. 88.)

GILLETTE, H. P. *Handbook of construction cost.* (New York: McGraw-Hill. 1922. Pp. 1734. \$6.)

GRIMSHAW, R. *Why manufacturers lose money.* (New York: Van Nostrand. 1922. Pp. 185. \$2.)

DE HAAS, J. A. *Business organization and administration.* (New York: Gregg Pub. Co. 1921. Pp. ix, 353. \$1.60.)

This book has apparently been written primarily to "supplement the work in bookkeeping and office practice." The brevity of the treatment of some subjects is therefore pardonable. Two chapters are devoted to the subject of foreign trade, which concerns but few students of bookkeeping. On the other hand the subjects of credit and collections, of budgets, and of financial standards are neglected. As a college textbook for introductory courses it is likely to meet with some criticism. For example, on page 30 there is presented "an organization chart of a large department store on the Pacific coast." This store, according to the organization chart at least, has failed to employ any sales people.

The general arrangement of the book is in many respects like that of Gerstenberg's *Principles of Business*; but this volume is less than half as long as Gerstenberg's work.

D. S. TUCKER.

HYSELL, H. *The science of purchasing.* With an introduction by J. GEORGE FREDERICK. (New York: Appleton. 1922. Pp. xi, 261. \$2.50.)

Mr. Frederick states in the introduction that until this book was published there were only two books on buying as compared with a large number on selling. Note is taken of the fact that the function of purchasing is assuming more and more importance. Chapters deal with sources of supply, principles and policies, service, study of future trends and forecasts, ethical side of purchasing, organization of the purchasing department, stores, inventories, standardization, and records and forms.

JACKSON, J. H. *Audit working papers: their preparation and content.* (New York: American Inst. of Accountants. 1923. Pp. 201. 100 schedules. \$5.)

JONES, F. D. *Trade association activities and the law: a discussion of the legal and economic aspects of collective action through trade organizations.* (New York: McGraw-Hill. 1922. Pp. xii, 360. \$4.)

KEARY, W. J. *The fundamentals of sound investing.* (New York: C. Wesley & Co. 1922. Pp. 39.)

KENNY, C. S. *Selection of cases illustrative of the law of contract.* (New York: Macmillan. 1922. Pp. 511. \$7.)

KNOX, J. S. *Salesmanship and business efficiency.* (Cleveland, O.: Knox Business Book Co. 1922. Pp. 406.)

LANG, VON R. and HELLPACH, W. *Gruppenfabrikation. I. Band der sozialpsychologischen Forschungen des Instituts für Sozialpsychologie an der Technischen Hochschule Karlsruhe.* (Berlin: Julius Springer. 1922. Pp. viii, 186.)

LEAKE, P. D. *Commercial goodwill: its history, value, and treatment in accounts.* (New York: Pitman. 1921. Pp. 12, 260. \$7.)

LEE, C. D. and ABBEY, R. A. *Classification and identification of handwriting.* (New York: Appleton. 1922. Pp. xvi, 113. \$2.50.)

LINCOLN, E. E. *Applied business finance.* (Chicago: A. W. Shaw Co. 1922. \$4.)

LUNT, E. C. *Surety bonds. Nature, functions, underwriting requirements.* (New York: Ronald. 1922. Pp. xii, 270. \$2.50.)

Although on a technical subject, a very readable book. Several chapters are devoted to fidelity bonds, followed by consideration of bankers' blanket bonds, public-official bonds, judicial bonds, contract bonds, depository bonds, fiduciary bonds, prohibition bonds, license and permit bonds, and automobile-conversion bonds. The author is vice-president of the Fidelity and Casualty Company of New York.

McKEE, H. S. *The A B C's of business.* (New York: Macmillan. 1922. Pp. v, 135. \$1.)

A series of essays on the Complex character of our business organization; Misunderstanding of money; Wages and wealth; Elements of banking; Business consequences of the war; Abuse of our railways; Speculators and markets; Good and bad times; Internationalism; and Education.

MACMURRAY C. D. and CREE, M. M. *Introduction to shipbroking; the elements of the subject.* (New York: Pitman. 1922. Pp. vii, 108. \$1.25.)

MENDELL, G. W., JR. *Business and commercial law of Texas; a ready reference of every-day law for the merchant and business man. With forms of legal instruments.* (Dallas: Martin Stationery Co. 1922. Pp. 438.)

MONTGOMERY, R. H. *Auditing: theory and practice.* Vol. II. (New York: Ronald. 1922. Pp. 564. \$4.)

MUNCHWEILER, B. J. *Salesmanship; helpful suggestions and hints for the retail salesman.* (Philadelphia: Penn. 1922. Pp. iii, 221. \$1.)

NESBIT, W. D. *First principles of advertising.* (New York: Gregg Pub. Co. 1922. Pp. iii, 111. School edition, \$1; trade edition, \$1.50.)

"Not intended to be a volume for the practising advertising man or woman, but is virtually the 'first steps' in the profession." It treats of the value of advertising, creating an advertisement, the use of different forms of type; and brief chapters consider a study of the product, methods of creating interest, and the line of human appeal. There is a short bibliography at the close.

PATON, W. A. *Accounting theory—with special reference to corporate enterprise.* (New York: Ronald. 1922. Pp. 508. \$4.)

PHILLIPS, R. G. and FRASER, S. *Wholesale distribution of fresh fruits and vegetables.* (Rochester, N. Y.: The Fish-Lyman Co. 1922. Pp. 256.)

RADFORD, G. S. *The control of quality in manufacturing.* (New York: Ronald. 1922. Pp. xvii, 404. \$5.)

Twelve chapters are given to the different aspects of inspection. Other chapters deal with quality control in practice, measurement and errors, working standards, repetition manufacturing, the dimensional control lab-

oratory, gages and gage-checking, thread-gaging, and the control of color.

REED, W. B. *Bituminous coal mine accounting*. (New York: McGraw-Hill. 1922. Pp. 221. \$3.)

RORTY, M. C. *Some problems in current economics*. (Chicago: A. W. Shaw Co. 1922. Pp. 143. \$1.25.)

RUSSELL, F. A. *The management of the sales organization*. (New York: McGraw-Hill. 1922. Pp. vii, 227. \$2.50.)

The Management of the Sales Organization deals primarily with problems regarding one phase of sales management, namely, that of the relation between the sales manager and the traveling salesmen under his direction. The lack of well-rounded development of any phase of the general subject of distribution leads the student to welcome a more intensive study of any of its branches. However, since this volume is based almost entirely upon secondary sources, its chief service lies in the fact that Mr. Russell has gathered together a considerable amount of fugitive material, has organized it and presented it in popular style. The various chapters of the book take up the selection, equipment, territory, compensation, stimulation and control of salesmen. No attempt is made to deal with other members of the sales personnel, such as branch managers, field directors, and members of various functional subdivisions of the sales department. Until business generally recognizes the importance of intensive methods of study and supports the necessary research, we shall encounter the difficulty which confronted Mr. Russell of securing more than superficial material upon management problems of distribution.

H. R. TOSDAL.

SALIERS, E. A. *Depreciation: principles and applications*. (New York: Ronald. 1922. Pp. vi, 579. \$5.)

SAYMAN, I. H. *Utilizing our waste power*. Part I: *The science of living*. Part II: *The science of salesmanship*. (Baltimore: Lord Baltimore Press. 1922. Pp. 164.)

SCUDDER, T. T., STEVENS, S., and CLARK, F. H. *Investment counsel*. (Boston: Authors, 53 State St. 1922. Pp. 43.)

Although written primarily to explain to possible customers the kind of service which its authors are prepared to render, this little booklet contains also a good statement of at least one argument of more general interest. This argument is that the man who buys only bonds of the highest grade is a speculator; he is betting his entire fortune on the chance that prices will not permanently rise and thus rob him, not only of a portion of his real income, but also of a portion of the value of his principal.

True conservatism, say the authors of this booklet, consists of investing so as to secure an income of constant purchasing power. This may be done by so apportioning one's investments between stock and bonds that the loss on the one type of investment may be counterbalanced by a gain on the other in those periods when the general level of prices is changing either upward or downward. But the purchase of any one common stock necessarily involves a risk of loss. This can be met, the authors point out, by purchasing stock in a sufficiently large number of different enterprises engaged in different industries. The investor thus places himself

in the position of a life insurance company, which may suffer a loss from the death of any one man, but knows that if it insures a sufficiently large number of men the average mortality loss will not exceed the average premium. It is therefore secure.

The authors further advocate a program by which each investor is to strive to increase his principal by systematically shifting certain portions of his investment funds back and forth between long-term and short-term bonds and between bonds and stock, so as to take advantage of the cyclical changes in business and financial conditions.

DONALD S. TUCKER.

SECRIST, H. *Selling expenses and their control. A study in the retail distribution of clothing.* (New York: Prentice-Hall. 1922. Pp. xii, 416. \$4.25.)

By the Bureau of Business Research of Northwestern University, School of Commerce (Horace Secrist, Director) in coöperation with the National Association of Retail Clothiers.

SMITH, H. L. and MOORE, W. U. *Cases on the law of bills and notes, selected from decisions of English and American courts.* Second edition. (St. Paul, Minn.: West Pub. Co. 1922. Pp. xvi, 847.)

TOSDAL, H. R. *The New England exporter.* (Boston: Boston Chamber of Commerce, Committee on Foreign Trade. 1922. Pp. 130.)

TOSDAL, H. R. *Problems in export sales management.* (Chicago: A. W. Shaw Co. 1922. Pp. xvi, 702. \$5.)

This recent addition to the Harvard Problem series is similar to its predecessors in organization and make-up. Its one hundred and sixty-four problems are grouped under the following heads: Export sales organization, Research and planning; Policies relating to product, distribution agencies, prices and terms of sale; Sales methods; Management of export sales force; Foreign branches; Financing, credits, and collections; Delivery of export orders; General problems of control. Without being at all unbalanced, stress is laid on problems concerning selection of agencies, financing, and delivery of export orders, these being subjects which are considered of more importance relatively in foreign than in domestic trade.

Wisely, the present volume has fewer problems than earlier ones of the series, thus permitting greater detail in setting forth the situations involved. The result is a decided gain in value either as a set of problems for class use or as descriptions of methods employed. There is also a larger amount of text material, which is effective in giving unity to the problems. The bibliography is complete and well classified.

V. H. PELZ.

WALKER, W. S. *American law of real estate agency; including the duties and liabilities of principals and agents; the earning of commissions by real estate brokers, pleading, practice and judicial constructions and interpretations, and forms of listing, brokerage and other contracts.* (Cincinnati, O.: W. H. Anderson Co. 1922. Pp. xxxvii, 1053.)

WALKER, J. E. and FOSTER, R. B. *Patents for inventions.* (New York: Pitman. 1922. Pp. xiii, 388. \$7.50.)

WATSON, H. *Applied business correspondence.* (Chicago: A. W. Shaw Co. 1922. Pp. 598. \$6.)

WESTON, W. J. *Traders and trading: an introduction to the principles and conduct of business.* (London: Pitman. 1922. 2s. 6d.)

WOODSON, E. R., editor. *Railway accounting procedure.* 1922 edition. (Washington: Railway Accounting Officers Assoc. 1922. Pp. 455. \$1.)

Formerly the proceedings of the Railway Accounting Officers Association were published under the name of the *R. A. O. A. Synopsis*. In the 1922 edition, the title has been changed. This volume, like its predecessors makes no presumption to be a treatise; it deals rather with the work of the various committees of the association. The book is divided into four principal sections; freight, passenger, and overcharge claim rules. There is also a short section devoted to terminal accounting. Division is made between rules that are mandatory upon carriers and those phases that are recommendatory. Following each section are the standard forms which relate to that class of accounting work. Brevity has been generally maintained and the omission of explanatory comments on details will make the work somewhat difficult reading for those not well informed on the subject.

M. J. S.

WYMAN, W. F. *Export merchandising.* (New York: McGraw-Hill. 1922. Pp. xx, 405. \$4.)

America's second largest stock market. (New York: N. Y. Curb Market. 1921. Pp. 36.)

Balance sheets and profit and loss statements, analyzed and defined for business executives. Also, *Classification and definitions of ledger accounts.* Issued by the Bureau of Commercial and Industrial Affairs, Committee on Industrial Accounting and Executive Reports. (Boston: Boston Chamber of Commerce. 1922. Pp. 36; 34.)

Bibliography of 2700 business books; comprising new, in print, used, out of print; adapted for special libraries, individual reading courses, investment firms, executives, banks. (New York: Dixie Business Book Shop, 140 Greenwich St. 1922. Pp. 112.)

Chocolate and cocoa costs, by G. REA; *Salmon canning costs*, by R. D. WHITE; *Principles and practice of construction cost-keeping*, by W. M. AFFELDER; *Cost methods in a hosiery mill*, by W. F. EVERS; *Woolen mill costs*, by C. W. BENNETT; *Cost accounting in the manufacture of iron and steel sheets*, by K. B. WOODS; *Steamship operating and terminal costs*, by J. L. MULHERN and U. ROBERT; *Cost practices and problems in the production of coke*, by C. C. SHEPPARD. Official publications of the National Association of Cost Accountants for July 15, Aug. 1 and 15, September 1 and 15, Nov. 1 and 15, and Dec. 1, 1922. (New York: Association, Bush Terminal Bldg. 1922. 25c. each.)

Commercial libraries and the Department of Commerce. A report to Herbert C. Hoover, Secretary of Commerce, by the Committee on Cooperation with the Department of Commerce. Edited by D. W. HYDE, JR. (Washington: Special Libraries Assoc. 1922. Pp. 28.)

Credit man's diary and manual of commercial laws for 1923. (New York: National Assoc. of Credit Men, 41 Park Row. 1923. \$3.50.)

International Chamber of Commerce; a federation of the industrial, financial, and business forces of the principal countries of the world; its

- organization and purposes, 1920-21.* (Washington: Intern. Chamber of Commerce, American Section. 1922. Pp. 24.)
- Manual of sugar companies, 1922.* (New York: Farr & Co. 1922. Pp. 29.)
- The Merchants' Association of New York year book, 1922.* (New York: Assoc., Woolworth Bldg. 1922. Pp. 334.)
- The New York market.* Compiled by the Research Department of the NEW YORK HERALD. (New York: N. Y. Herald. 1922. Pp. 184.)
- Operating expenses in retail jewelry stores in 1921.* Publications of the Graduate School of Business Administration, Harvard University; Bureau of Business Research, bull. 32. (Cambridge: Harvard Univ. Press. 1922. Pp. 29. \$1.)
- Pennsylvania tax free bonds classified.* Seventeenth edition. (Philadelphia: Barclay, Moore & Co. 1922. Pp. 48.)
- Railroad bonds; information; comparisons.* Fourth edition. (New York: Harris, Forbes & Co. 1921. Pp. 231.)
- Stock without par value under the Delaware corporation law.* (Wilmington, Del.: Corporation Service Co. 1922. Pp. 16.)
- Uniform classification of accounts for electric corporations; for gas corporations; for water corporations.* By the National Association of Railway and Utilities Commissioners. Third edition. (New York: State Law Reporting Co., 233 Broadway. 1922. \$1.10 each.)
- Valuation as of June 30, 1921, of the physical property of rapid transit and street surface railroads in the city of New York together with financial and statistical data pertinent thereto.* Report by J. H. MADDEN and F. W. LINDARS, February 15, 1922. (New York: N. Y. State Transit Commission. 1922.)

Capital and Capitalistic Organization

The Trust Problem in the United States. By ELIOT JONES. (New York: The Macmillan Company. 1921. Pp. xx, 598.)

Professor Jones has attempted, in this book, to prepare a broad study of "those combinations that have (or had) monopolistic power, and that are properly designated as trusts." His study is both historical and critical. It deals first with such historical phases of the subject as pools and the old-fashioned trusts, and particular celebrated cases, such as the Standard Oil Company, the American Sugar Refining Company, the shoe machinery, steel, and harvesting machinery combinations. The author then reviews in a comprehensive way the legal and legislative history and present status of industrial combinations under suggestive titles, as: The common law relating to combinations and trusts; Trust legislation of 1914; The Webb-Pomerene act; Judicial interpretation of the Sherman act; and Trust dissolution proceedings. These chapters are largely compilation and present little that is not easily accessible elsewhere.

The chapters of the book that are of the greatest moment and deserve most careful consideration are those dealing with the economic aspects of the so-called trust problem. Such questions as the effect of the trust on prices, and the possible advisability of government regulation of the prices of trust-made commodities are important and far-reaching economic problems. Professor Jones' training as an economist and his previous studies along these lines would lead the reader to anticipate a new and illuminating light on these difficult problems. Yet one closes the book with a feeling of disappointment. The treatment of a great social or economic problem, such as the so-called trusts, requires a careful balancing and appraising of the source of evidence and of the evidence itself. This is the obligation of a student of economics whose high ideals of truth should be unaffected by the prejudices, animosities and ulterior personal motives which color the background of much that is written about contemporary business problems. Professor Jones has made almost exclusive use, as ostensible first-hand material, of government reports on the trusts, government briefs in trust dissolution cases and similar documents prejudiced against the social righteousness and economic desirability of industrial combinations. These documents were prepared by men—many of them politically appointed incompetents and the paid tools of bureaucratic demagogues—who sought out and threw into bold relief the iniquities of the trusts. Should Professor Jones have given undue weight to the senseless and often ludicrous allegations of innocence and moral high-mindedness and the denial of proved facts that pervade the pages of trust-inspired documents or heeded such allegations as that the directors of a trust increased prices in order to pay higher wages or suppressed competition in order to benefit society by lessening the fluctuations in prices, his marshalling of the evidence would have been equally subject to criticism. Ungarnished truth is difficult to find in a field so fraught by personal motives and prejudices, but it probably lies somewhere between the extremes. And I take it to be the duty of the economist not to write *ex parte* propaganda—in spite of the example set him by government commissions and bureaus—but to lay bare this truth devoid of his own preconceptions.

In many instances Professor Jones apparently fails to see the underlying motives. For example, he quotes, as if it had a bearing on the law, the dissolution opinion in the Corn Products Refining case (234 Fed. 964; Jones, 436) whereas that particular opinion was of little value at the time, owing to Judge Hand's failure to recognize the facts as evidenced by statistics—an opinion vitiated by the Judge's personal social theories and his prejudice against the officers of the company. Yet Jones devotes a little over a page to this opinion, rendered completely obsolete by the Supreme Court majority opinion

in the Steel case which gave a diametrically opposite interpretation of the law. In fact the chapter on the judicial interpretation of the Sherman act seems to be merely an uncritical summary of various judicial opinions, in which the Supreme Court opinions are given no more weight than the heterogeneous and discordant opinions of the lower courts. The last important and probably most decisive "obita dicta" of the learned gentlemen in Washington were the Steel case, and yet Professor Jones attempts to summarize the case in a page and proffers no light on its bearing on the important economic issues not yet adjudicated.

In the conclusions and generalizations represented by the three final chapters—the anticipated economies of the trusts, the regulation of prices, and conclusion—Professor Jones shows much more his training as an economist and that balance of judgment which goes with scientific instincts. The reader would get the impression from the implications of the earlier chapters that Professor Jones was preparing the way to bring forward the government "regulation of prices" panacea as a cure for the evils incident to large business enterprises. Not so. He weighs carefully the actually accomplished economies along various lines and concludes: "Though one would like more facts before reaching a final conclusion on this perplexing matter, it must be admitted that the showing of the trusts has not realized the high hopes that were entertained for them upon their formation about a generation ago" (p. 541). This chapter on the actual results of so-called trust operation is perhaps the most valuable in the book, and in this rather guarded conclusion I would hazard the guess that every serious student of the subject, whatsoever his bias of social theory, would heartily agree. And if it is true, our one-time fear of the potential power of these giant creatures of twentieth century industrialism has little basis in fact. And, farther, when Professor Jones comes in the following chapter to discuss the "regulation of prices" remedy, he is in a position to appreciate the maze of economic difficulties attendant upon any attempt on the part of a bureaucratic government to determine a fair or expedient price for trust-made commodities. Accordingly he remains non-committal, having, perhaps, a sort of vague hope that the wheels of the economic mill will somehow smooth out the trust problem better in the future than they have in the past. In this hope the reviewer shares—and he adds his confidence.

There is one rather important fault I find with the book. Professor Jones has given no attention whatsoever to the effect of the Great War upon the trust problem. And this fault applies to the material he has used, much of which is now obsolete or at least has been superseded by other evidence and documentary material. Except

historically, the promotion and early history of the trusts organized in the later 1890's do not throw very illuminating light upon the trust problem as it is now, a quarter of a century later. And in addition to all that Professor Jones has said he should have added an extended discussion of the effect of the war on the trusts, and the changes wrought upon the whole horizon of "big business" by the war and its aftermath. In fact, all things considered, the greatest weakness of the book is that there is so little discussion of the fundamental principles involved, especially as a considerable proportion of the facts marshalled, being of minor general importance, could have been omitted without serious loss. Appended to the book there is an excellent bibliography, although many contributions to the subject from 1918 to the date of publication are omitted.

ARTHUR S. DEWING.

Harvard University.

NEW BOOKS

PARKER, J. S., editor. *Where and how; a corporation handbook containing the laws of Delaware, New Jersey, New York and Pennsylvania in relation to the incorporation, regulation and taxation of business corporations, and the admission, regulation and taxation of foreign business corporations, with an introductory chapter on the formation and management of business corporations in general, with forms and precedents.* Sixth edition. (New York: Broun-Green Co. 1922. Pp. xvi, 350.)

POU, J. H. and EMANUAL, J. L. *North Carolina corporation code, annotated. Containing the statutes affecting private corporations as amended by the extra session of the General Assembly of 1921, and the construction of these statutes by the courts prior to January 1, 1922, together with various corporate forms.* (Atlanta: Ga.: Harrison Co. 1922. Pp. 1021.)

Labor and Labor Organizations

A Selection of Cases and Other Authorities on Labor Law. By FRANCIS BOWES SAYRE. (Cambridge: Harvard University Press. 1922. Pp. xvii, 1017. \$5.00.)

The growing recognition of the importance of the legal questions affecting employers and workmen is clearly evidenced by the production of the substantial octavo bearing the above title. Mr. Sayre is assistant professor of law in Harvard University, and presumably has prepared the book with the needs of the student of law in mind. Its scope is suggested by the opening sentence of the preface: "Labor law has in recent years been attracting widespread attention, and in response to the growing demand for an adequate collection of cases on the subject this volume is published." He concludes, however: "It is hoped that this collection of cases may also prove useful as a

source book to all those, whether in the ranks of employers or employees, who are interested in studying the development and application of the legal principles underlying the growing mass of decisions which make up the body of labor law."

The first matter presented is early English statutes, beginning with the "Ordinance of Labourers" of 1349 (23 Edward III), followed by others more recent, including a summary of the Trade Union act of 1913. Then appear a number of cases under the old laws, after which are reproduced cases on the legality of combinations, under the headings, right of association, conspiracy, restraint of trade, and permanent labor organizations. Thus the field of organized labor is entered upon, and it continues to be the subject of succeeding chapters, covering nearly 800 of the 990 pages of text. The concluding chapters present cases on regulatory labor legislation (women and children, safety, hours of labor, etc.); employment in business charged with a public interest; compulsory arbitration and the industrial court; and workmen's compensation.

It is obvious from the apportionment of space that the status and activities of organized labor are most prominently in the mind of the editor in making his selection of cases. This doubtless accords with the popular interest in large degree, and to a considerable extent with the importance of the litigation; but the space given to regulatory legislation and to workmen's compensation do not seem to the reviewer to be proportionate to the actual importance of these two subjects, not to mention others, in a balanced presentation of the labor law. A rather anomalous addition is found in an appendix showing the figures of a few cost-of-living budgets, as used in wage determinations.

No one who has not attempted to classify material of the kind under consideration can fully appreciate the difficulties to be met in arranging cases under appropriate headings when the subject-matter is so intermingled as almost to defy analysis; but the results attained in the present volume are not such as to suggest a standard for other workers in this field. However, the most serious criticism—and criticism seems necessary in this connection—is in regard to the selection of cases. Under the law of conspiracy, for instance, appear cases relating to a false charge of robbery; another of the paternity of a bastard child; another, to procure marriage so as to give a pauper settlement; poaching; cheating in a horse trade; insurance frauds, etc.

The arrest of a mail carrier indicted for murder is offered under "Interference with the mails"; while the chapter headed "Rights and liabilities of labor unions in respect to third parties" is made up of three decisions involving labor, and of nine others—one discussing the liability of a trotting association for building material ordered; another, that of a volunteer regiment of 1865 for rifles purchased; of a

political organization for money borrowed for campaign expenses; of a college class for its class book; of a pigeon and bantam club for costs of an exhibition; of a rifle club for damage done by a bear intended to be given as a prize, etc. Similar excursions into outlying territory are made elsewhere, though probably not to the same extent, on the theory, of course, that the principles involved are applicable in cases of labor organizations. However, one can but feel that a search of the cases in which such organizations were actually involved would have disclosed an ample list of illustrations; and, if none could be discovered, the question of the importance of the legal point in view would loom large.

Readers "in the ranks of employers or employees," and doubtless many students of the law as well, would surely prefer a statement of law based on the relations and status of labor unions to one which must be transferred by the imagination to an artificially constructed set of circumstances, with the ever-present query as to whether or not the attitude of the court would be the same where a group of workmen seeking the betterment of living and working conditions was involved.

The book is impersonal and unedited to a degree, in that neither side nor head notes undertake to point out the principles set forth; but the expression of attitude that a phrase conveys, even though quoted, would suggest that in a purely unbiased compilation such a title as "Government by injunction" should be excluded. It is not a subdivision of the law, and, especially when taken in connection with the very one-sided bibliographical references given, is a clear commitment to a position rather than a setting forth of sources for a study of principles.

The fact remains that the editor has undertaken an interesting and important piece of work, and has brought together a large amount of material of historical as well as of current interest. Very recent decisions appear, and many of the outstanding cases are reproduced, though with serious omissions; and in the hands of a competent instructor there is a considerable field of usefulness for the volume as it stands. One may venture the hope that the demand will soon warrant another edition wherein the changes suggested by experience and further research can be incorporated.

LINDLEY D. CLARK.

Washington, D. C.

Sharing Profits with Employees. A Critical Study of Methods in the Light of Present Conditions. By JAMES A. BOWIE. (New York and London: Isaac Pitman & Sons. 1922. Pp. ix, 222. \$4.00.)

The term "profit-sharing" is broadly construed by Bowie to include bonus schemes, sliding scales, and gratuities as well as the usual

forms of profit-sharing. He divides his work into four parts, the first an analysis of the nature of the profits, the second, an analysis of profit-sharing under the usual narrow economic definition, the third on copartnership, and the fourth on other methods of sharing profits. His statements on profits have been drawn from the English economists and contribute nothing that is new. Part two on profit-sharing borrows its data from the 1920 report on *Profit-Sharing and Labor Copartnership in the United Kingdom* by the Ministry of Labor. Here, Bowie is original and keen in criticism. The section on copartnership, similarly, is indebted to the report by the Ministry of Labor but it shows first-hand knowledge of some cases and makes a real contribution in its chapters on the conditions of success.

The major conclusions are as follows: that trade union rates of wages and conditions of work should be recognized by profit-sharing firms, that the minimum annual reward should amount to at least three weeks' wages and that in firms on copartnership basis partnership should be made obligatory, not optional. Bowie is opposed to the "gifting of shares" and particularly recommends that ordinary shares, carrying the usual rights, are the most appropriate investment for workers. "Greater security or extra dividends should be offered in exchange for continuous holding." Arguments showing the limited applicability of collective output bonus schemes and sliding scales are submitted following partial approval of both plans. The author's major recommendations are found in chapter 19 on contributory partnership, and chapter 20 on the future of profits. No scheme is submitted to secure the general application of contributory copartnership, except the "adoption by trade unionism of a liberal point of view" and the general panacea, education.

The major limitation of this book is its evidence of lack of thorough mastery of the literature. Although a few American studies of this subject are mentioned, no use is made of American examples of profit-sharing except for that of the United States Steel Corporation, which, it strikes me, is unreasonably commended. The volume on profit-sharing by A. W. Burritt and others is mentioned in one of the lists of references, but its excellent analyses are apparently not made use of. The form of industrial partnership in existence at the Dennison Manufacturing Company is not mentioned and certainly deserves some consideration. The classic in this general field, *Methods of Industrial Remuneration*, by Schloss, is at no place mentioned, but should not have been ignored. On the other hand, it should be said for this volume that it is very well written, clear, and effective in its critical and constructive sections. The summaries at the ends of chapters are masterpieces of their kind. The author has a gift for aphorism which is exemplified frequently. The book is primarily useful as an

argument for contributory copartnership and as a companion volume to the 1920 report of the Ministry of Labor.

JAMES FORD.

Harvard University.

The Industrial Code: a Survey of the Postwar Industrial Situation, a Review of Wartime Developments in Industrial Relations, and a Proposal Looking to Permanent Industrial Peace. By W. JETT LAUCK and CLAUDE S. WATTS. (New York: Funk & Wagnalls. 1922. Pp. v, 571. \$4.00.)

The objective of this book is worthy of the best thought and effort of every intelligent citizen. The authors may be congratulated in marshalling their facts for this purpose. The book is composed of fourteen chapters (264 pp.) devoted to the main problem; and ten appendices (307 pp.) which bring together the important documentary evidence of a growth of opinion on the subject. The book considers the work done during the war; the situation following the war, showing the need for a set of principles generally accepted as a basis for adjusting industrial relations; and how to develop such a code, and what, in the opinion of the authors, this code should contain.

Three methods for establishing this code are considered—by agreement between capital and labor; by agreement between capital and labor affirmed by legal enactment; and by direct legislative action. The first two of these proposals are regarded less satisfactory by the authors than the third method. They seem to favor the promulgation of a code by Congress (p. 82, 83) but doubt the wisdom of making the code compulsory. They say, "Experience both here and abroad during past years has shown the futility of penalties in connection with anti-strike legislation. They not only do not prevent strikes but are practically impossible of enforcement. Where fundamental rights and principles have been sanctioned, and have been made mandatory upon agencies for the judicial settlement of industrial disputes, anti-strike penalties have been unnecessary because no strikes have occurred. . . . At any rate, until a greater body of experience as to the desirability and practicability of punitive measures has been developed, there can be no impairment of the interests of employers or the public, for under the common and statutory law a series of judicial precedents have been developed during recent years which afford ample safeguards" (p. 84).

The code which the authors think should be adopted contains the following general principles. (1) The right of both employer and employee to organize. Although they find this principle generally conceded in theory, many obstacles are thrown in the way of its operation in practice. They propose a tentative draft of what they regard as an acceptable form of this principle (p. 102). (2) Their second

principle is that of collective bargaining, which they propose should take place "through representatives of the employers' and employees' own choosing" (p. 123). In supporting their position on this principle, the authors show their own predilections, which, while present at many points throughout the volume, are not so strongly put as here. They say, that although "No intelligent man will hold that the present organizations of labor are perfect, or are always conducted in the interest of the public," yet he will not "desire to use the imperfections of the present organizations as an argument against granting workers the right of collective bargaining. This is a right to which they are entitled as men and as partners in our vast industrial enterprises" (p. 120-21). This, at best, is figurative and smacks of propaganda. (3) The third principle is a living wage, with differentials for skill, experience, hazards and regularity of employment. (4) The fourth principle is a standard work day of eight hours with a six-day week, but where conditions require some modification of this standard then the basic eight-hour day with the forty-eight hour week should prevail (p. 169). (5) The last principle pertains to women in industry. They affirm the right of women to engage in industry and receive equal pay for equal work, together with proper protection to the health and strength of the worker.

These five principles represent the primary and "irreducible minimum" that should be embodied in an industrial code. Additions, not inconsistent with these, might be made. They think that if such a code were made generally applicable and the machinery necessary to interpret and to administer it were established, both labor and capital might assent, in case of controversy, to forego the right to strike or lockout "pending investigation and determination of the controversy by the duly authorized tribunal" (p. 257).

The book is timely, yet the pro-labor sentiment of the authors is evident at most points in the development of the volume. No one of the five primary principles sets up a standard to be attained by labor, but all recognize "rights" claimed by labor. It would be extremely difficult to get this code generally accepted without the inclusion of reciprocal responsibilities which labor should assume for the recognition of its "rights." But even with this pro-labor inclination, the authors may well reply, it is your move next in the development of an end so greatly to be desired.

F. S. DEIBLER.

Northwestern University.

NEW BOOKS

ADAMS, W. W. *Coke-oven accidents in the United States during the calendar year 1921.* U. S. Department of the Interior, Bureau of Mines, Technical paper 318. (Washington: Supt. Docs. 1922. Pp. 34. 5c.)

- ANDERSON, A. M. *Women in the factory. An administrative adventure, 1893 to 1921.* (London: H. M.'s Stationery Office. 1922. 7s. 6d.)
- ARNDT, P. *Heimarbeit und Verlag in der Neuzeit.* No. I: *Die wirtschaftliche und soziale Bedeutung der Heimarbeit.* (Jena: Fischer. 1922. Pp. vi, 38.)
- BACQUIÉ, F. *La loi de huit heures dans les industries textiles et les industries du vêtement. Manuel pratique pour l'application des décrets du 12 décembre 1919 et l'usage des dérogations.* (Paris: Etienne Chiron. 1922. Pp. 64. 3 fr.)
- BERNY, A. *La loi de huit heures. Une fausse conception législative.* (Paris: Ed. de la Rev. Pol. et Parl. 1922. Pp. 16.)
- BOWERS, E. L. and BUEHLER, A. G., compilers. *The closed union shop is justifiable; the case for the closed union shop with appendix, including bibliography.* Third edition revised. (Tiffin, O.: Bowers & Buehler. 1922. Pp. 47.)
- BOWERS, J. H. *The Kansas Court of Industrial Relations.* The national social science series. (Chicago: McClurg. 1922. Pp. 133. \$1.)
- BRISSENDEN, P. F. and FRANKEL, F. *Labor turnover in industry: a statistical analysis.* (New York: Macmillan. 1922. Pp. xiv, 215. \$3.50.)
- BUDGEN, F. S. and COTTON, L. *Craft unionism versus industrial unionism.* (New York: N. Y. Labor News Co. 1922. Pp. 32. 10c.)
- CHENERY, W. L. *Industry and human welfare.* Social welfare library. (New York: Macmillan. 1922. Pp. xii, 169. \$1.75.)

This volume of the Social Welfare Library discusses with considerable historical perspective the principal planks in the indictment of labor and, as the writer sees it, of society, against the tendencies and consequences of modern capitalistic production when left to its own devices. The insistence throughout upon the deliberate selfishness and disregard for human welfare shown by those chiefly interested in private profit and industrial development, make the book profitable but not very pleasant reading. Some treatment of remedies in the course of each chapter, especially of governmental regulation and trade unionism (the writer seems to have greater faith in the former), serves to give a brighter and more optimistic tone. At least we are not hopelessly lost in our sins. The development might have been more logical if all chapters relating especially to health, such as those on "The worker's family," "Hours," and "Hazards" had been brought into juxtaposition. The existing if not growing concentration of wealth and the inequalities of opportunity, education, political influence, and so on flowing from it, might well have been more fully portrayed.

W. B. CATLIN.

- FREY, J. P. *The labor injunction: an exposition of government by judicial conscience and its menace.* (Cincinnati, O.: Equity Press. 1922. Pp. ix, 197. \$2.50.)

As the subtitle suggests, this book, by the editor of the *International Molders' Journal*, is severely critical of the use of the injunctive decree in labor controversies. It lays great stress on the latitude allowed the "conscience" of the equity court, and holds that, with respect to labor disputes, these courts have steadily assumed powers never conferred upon

them. It also presents in rather forceful fashion the lack of uniformity in equity decisions involving the labor injunction. The contention that a temporary decree often has the practical force of a permanent order, because of legal delays in securing consideration of a case on its merits, is also worth noting.

The book deals with defects and inconsistencies of injunction procedure rather than with the question as a whole. It is essentially a brief. Its constructive value is reduced by the lack of a comprehensive and affirmative statement of the fundamental principles on which the labor injunction in its modern form is supported. The partisan tenor of the discussion also detracts from its value; for example, such sentences as: "Labor will not permit itself to be strangled without resistance, or to be gagged by an equity court whose only authority for its usurped power is its 'conscience'."

The selection of cases to support the author's conclusions tends to emphasize the exception rather than the rule in equity procedure. Thus reference is made to a Massachusetts decision ostensibly restraining a strike *per se* (although such intent is by no means certain), but the reader is not warned that any such use of the injunction is extremely rare, and that, instead, such decrees ordinarily are used to restrain violence or other forms of intimidation. Because of this fact a rather labored discussion intended to discredit the idea of a property right by the employer in the worker's services is more or less extraneous.

Notwithstanding its defects the book serves a useful purpose in presenting a viewpoint held by a large section of the public, and one which should be understood and considered by those who do not accept the author's conclusions. It furthermore suggests that there is room for revision of the rules of injunction procedure with a view to securing greater uniformity in decisions.

LUTHER CONANT, JR.

FUCKNER, E. *Die russische Genossenschaftsbewegung (1865-1921)*. (Leipzig: Teubner. 1922. Pp. ix, 206. 100 M.)

FULLER, R. G. *The meaning of child labor*. The national social science series. (Chicago: McClurg. 1922. Pp. 161. \$1.)

HAAS, F. J. *Shop collective bargaining; a study of wage determination in the men's garment industry*. (Washington: Author. 1922. Pp. vi, 174.)
Presented as a doctoral dissertation at the Catholic University of America, 1922.

HOBSON, J. A. *The economics of unemployment*. (London: George Allen & Unwin. 1922. 4s. 6d.)

JANES, G. M. *American trade unionism*. (Chicago: McClurg. 1922. Pp. 139. \$1.)

MERRITT, W. G. *The open shop and industrial liberty*. Industrial liberty series, no. 1. (New York: League for Industrial Rights, 42 Broadway. 1922. Pp. 41.)

MORRIS, W. *Factory work as it is and as it might be*. (New York: N. Y. Labor News Co. 1922. Pp. 30. 15c.)

PERLMAN, S. *A history of trade unionism in the United States*. Social

science textbooks, edited by R. T. ELY. (New York: Macmillan. 1922. Pp. viii, 313.)

WALKER, C. R. *Steel, the diary of a furnace worker.* (Boston: Atlantic Monthly Press. 1922. Pp. vii, 157. \$1.75.)

WARNOTTE, D. *Le tribunal industriel du Kansas. Un essai de règlement des conflits industriels dans les entreprises d'utilité publique.* (Bruxelles: Imp. Scientifique et Littéraire. 1922. Pp. 40.)

Reprinted from the *Revue de l'Institut de Sociologie* (Instituts Solvay), September, 1922.

WATKINS, G. S. *An introduction to the study of labor problems.* (New York: Thomas Y. Crowell Co. 1922. Pp. xv, 664. \$3.)

Comprehensiveness of scope and up-to-dateness in material are the outstanding merits of this text. The author's range of topics is wide enough to include not only the familiar headings of the textbooks on labor problems but several as well that have come to the forefront of the literature on labor only in the last few years. Labor turnover, personnel administration and shop committees receive the recognition of separate chapters, as does the controversy over standards of living and budget-making in connection with wage adjustments.

The attempt to cover so many subjects has necessarily resulted in the covering being drawn rather thin in many places. The treatment of minimum wage laws is compressed into seven pages. Of the fifty-eight pages given to labor organizations, only seven are devoted to trade regulations. It would seem that the space given to the chapters on theories of wages and socialism could have been utilized to better advantage in a more intensive treatment of regulatory measures. These two chapters are so much in the nature of summaries that they cannot illumine the general problem very much for the uninitiated reader.

There are some statements in the book that can be easily challenged. For example, on page 67 a statement in favor of the family living wage is attributed to the United States Commission on Industrial Relations, although it was subscribed to by only four of the nine members of the Commission. On page 352 it is stated that "the total membership of American labor organizations in 1922 probably exceeds 6,000,000, two thirds of which is found in organizations affiliated with the American Federation of Labor." This astonishingly high estimate for organizations outside the Federation is not supported by figures.

D. A. McCABE.

Course of employment in New York state from 1914 to 1921. N. Y. Department of Labor, Special bull. 113. (Albany: Office of the Chief Statistician. 1922. Pp. 136.)

Employe representation on the Pennsylvania Railroad System. The joint work of its officers and employes. (Philadelphia: Pennsylvania Railroad System. 1922. Pp. 68.)

The fair wages clause. Published by the National Joint Council representing the General Council of the Trades Union Congress, the Executive Committee of the Labour Party, and the Parliamentary Labour Party. (London: Labour Party, 33 Eccleston Sq. 1922. Pp. 15. 1s. 2d.)

Illinois miners' earnings, 1920-1921. (Chicago: Illinois Coal Operators Assoc. 1922. Pp. 64.)

International labour directory. Second edition, 1922. (Geneva: Intern. Labour Office. 1922. Pp. 1031. \$2.50.)

Much more complete than the first issue. Different parts cover an account of the International Labour Association and the League of Nations, government services dealing with labor matters, employers' organizations, workers' organizations, intellectual workers' organizations, ex-service men's organizations, cooperative organizations, and miscellaneous international organizations. Data are given showing for each organization its official journal if it publishes one, and number of members.

List of references on the utilization of public works to diminish unemployment. (Washington: Library of Congress, Div. of Bibliography. 1922. Pp. 14.)

The official labor union directory and buyers' guide. Second semi-annual edition. (Chicago: Chicago Federation of Labor. 1922. Pp. 100.)

Report of the twenty-second annual conference of the Labour party. (Edinburgh: Labour Party. 1922. 1s.)

Report of the unemployment commission of South Africa. (Cape Town: Cape Times. 1922. Pp. 47.)

The twelve-hour shift in industry. An investigation and a report by the Federated American Engineering Societies. (New York: Dutton. 1923.)

Unemployment in East London. The report of a survey made from Toynbee Hall. (London: King. 1922. 1s. 2d.)

Working and effects of the Trade Board acts. Minutes of evidence taken before the Committee of the Ministry of Labour, with appendix and index. (London: H. M.'s Stationery Office. 1922. 30s.)

Money, Prices, Credit, and Banking

Banking and Credit. A Textbook for Colleges and Schools of Business Administration. By DAVIS R. DEWEY and MARTIN J. SHUGRUE. (New York: The Ronald Press Company. 1922. Pp. 506. \$3.00.)

Banking and Credit is designed primarily to enable business men, present and prospective, to understand their relations with banks and bankers. The authors, proceeding upon the assumption that the reader has a knowledge of the elements of money and banking, devote themselves to a "more detailed description and illustration of actual practice in the business world." Their judgment as to what a business man needs to know in order to deal intelligently with his banker is best revealed by a survey of the contents of the book. The first six chapters are given to a brief discussion of the nature of money and credit and a more detailed description of the various forms of money and credit instruments, together with their legal attributes. Chapters seven and eight are given to a treatment of banking in the large—discussing the origin of banks and the functions of the various institutions which comprise the banking system.

About one third of the book is then devoted to a detailed consideration of the operations of a commercial bank. Digressions from the study of the individual banking establishment are made from time to time, however, for the purpose of familiarizing the reader with the large economic and social aspects of some particular phase of banking operations. For example, in connection with the discussion of deposits, brief consideration is given to the present status of the guaranty of deposits in the United States. Likewise, the treatment of the bank's note circulation is supplemented by a consideration of general principles of note issue. The group of chapters following the discussion of banking operations is rather difficult to classify. Those which deal with acceptances and foreign exchange transactions might better have been linked more closely with the individual bank's operations, leaving in a group by themselves those chapters which have to do with banking interrelationships such as "The clearing house," "The national banking system," "The money market," and chapters dealing with the federal reserve system. In the final chapter, "Monetary problems," the authors depart somewhat from their announced intention of presupposing a knowledge of monetary principles such as is presented in the typical text in elementary economics, for their treatment of monetary problems is quite similar in scope and content to that found in any standard text in the principles of economics. The reviewer is firmly of the opinion that business men need a much better understanding of the business cycle, of the price level, and kindred elements in monetary theory than can be had from such abbreviated discussions. Recent absurd proposals which have been given the widest currency warn us that a fundamental understanding of monetary questions is not always an attribute of the "hard-headed" business man.

Since the trust, savings and bond departments have come to be a part of the facilities offered by every up-to-date bank to its business clientele, the authors might well have included a consideration of their services with the treatment of banking operations.

Banking and Credit is a carefully written and decidedly teachable book. The stress upon the "how" of banking operations, manifest in the body of the text, can be relieved to a considerable extent by the use of the problems given in the appendix. It is to be hoped that the authors will add materially to this collection, especially problems of the type designed to bring out the "why" of banking operations and to develop the student's power to form sound business judgments from a given set of conditions.

GEORGE WILLIAM DOWRIE.

University of Minnesota.

The Development of Federal Reserve Policy. By HAROLD L. REED.
(Boston: Houghton Mifflin Company. 1922. Pp. viii, 352.
\$3.50.)

The organization and operations of the federal reserve system are governed by detailed statutory provisions, which have been frequently and in some directions radically modified since the passage of the Federal Reserve act in 1913. An immense mass of data and explanation, also, covering every activity of the banks, is published by the several reserve banks and by the Federal Reserve Board. Both legal restrictions and full publicity doubtless are essential for the growth of that general confidence in the reserve system which is indispensable if it is to be a permanent and effective part of the banking machinery of the country. Secrecy and a free hand (aside from the controlling force of tradition) that characterize the Bank of England are and must continue to be conspicuous by their absence. But legal restrictions and publicity are by no means certain to give understanding and create confidence where the subject-matter is complex and vital interests are involved. Unprejudiced and comprehensive analysis of the work of the system by writers outside the management is also most necessary. It is a service which has been performed by Professor Reed in a most satisfactory fashion in the book under review.

Chapters on organization, membership, check collections, the various lending operations, and on note issues and reserves are each introduced with compendious statements of the appropriate provisions of the Reserve act accompanied with the grounds for their adoption. This is a well-worked field, and little that is new is elicited, but the careful analysis of the numerous rulings of the Federal Reserve Board regarding these matters is decidedly fruitful. Convincing proof is afforded that in the development of the reserve system wisely conservative and at the same time liberal policies have been adopted by the Board and the management of the several banks. It should be noted in particular that agricultural loans have been made eligible for rediscount to the extreme limits possible under the statute.

The analysis of the operations of the reserve banks is somewhat less thoroughgoing, and positive conclusions therefrom regarding many matters are not expressed. In view of the abnormal conditions obtaining since the banks were established, such an attitude may well be held to betoken careful thinking and sound judgment. On the other hand, after making allowance for abnormal conditions, experience already seems clearly to show that some of the basic principles underlying certain provisions of the Reserve act are of slight significance and even invalid. Among these may be mentioned the propositions that commercial loans are self-liquidating and that the amount

of such loans furnishes any indication whatever of safe limits in granting credit.

In the conduct of the reserve system the central problem is the determination of discount policy and the making of that policy effective. When the Reserve act was enacted, it was generally assumed that open market operations by reserve banks were an essential and powerful means of securing control of the credit situation. Professor Reed does not apparently dissent from this view. To the reviewer, it seems obvious that open market operations can only be utilized as a means of effective control of credit when the supply of credit at the disposal of the commercial banks fluctuates very moderately above and below what is required for desirable business purposes. In these circumstances, and with reserve bank discount rates regularly above market rates, open market operations might be so handled as to have an effective and healthful influence upon the credit situation.

The final chapters of the book contain a good account of the operations of the reserve banks from 1914 to the beginning of 1922. Responsibility for the discount policy adopted during the war and for more than a year thereafter is placed, where it properly belongs, upon the Treasury Department and not upon the management of the reserve system. One could wish that this point had been more strongly emphasized, since the reserve system is now being subjected to unreasoning criticism because of conditions which were fostered by the necessity of supporting an unintelligent Treasury policy after the issue of the Victory notes in May, 1919.

As to the future, Professor Reed, in accord with all competent observers, agrees that the reserve ratio cannot be taken as a barometer in determining discount policies. The reviewer welcomes his support of the proposal that discount rates should be based upon the observed effects of credit upon production during the various stages of the business cycle. Transfer of a considerable portion of the gold now held by the reserve banks to a special note reserve is also urged. Satisfactory results from the operations of the reserve banks cannot be attained unless measures of some kind are adopted which will, in the words of the author of this book, "relieve the reserve banks from undue pressure to grant in the next boom period all the credits their present huge reserves would render possible." Both proposals have the same general purpose in view.

O. M. W. SPRAGUE.

Harvard University.

The Evolution of People's Banks. By DONALD S. TUCKER. Columbia University studies in history, economics and public law, vol. CII, no. 1. (New York: Longmans, Green & Company. 1922. Pp. 272. \$2.75.)

In the United States the laws on coöperative associations based on the building and loan idea, or having fire or life insurance for their object, have been fully developed, generally along right lines. But the laws for such associations with other objects, especially banks, are defective or lacking in most of the states. One reason for this may be that legislators do not know what "coöperation" really is. To Dr. Donald S. Tucker in *The Evolution of People's Banks* it is merely a form of organization, yet he finds there are five other views of its meaning.

In Germany the coöperative law defines the association that may be registered under it, thus: (1) its membership must not be restricted to any particular number, (2) its purpose must be to further the economic interests of its members, and (3) the way of accomplishing this must be to carry on some specified activity on their common account. That is to say, as Dr. Tucker explains, the law bars societies with only altruistic aims. Also, as regards form, it bars partnerships; likewise joint stock companies, of which the fixed capital, proportional voting, and personal irresponsibility of the stockholders is well adapted only to the investment of money.

The businesslike German law is manifestly quite different from the quasi-socialistic concept, which, as Dr. Tucker says, has the greatest vogue in the United States. The associational form of organization, without fixity of capital or number of members or shares, is indispensable to true coöperation; and there should be fair provisions for withdrawal or expulsion, so that the membership may be harmonious, whether large or small. The share or shares held by a member must signify only the amount of his investment or extent of his liability and give him but one vote, or a very few, never to be cast by proxy. With this the control necessarily is vested in the members, provided headquarters are within easy reach of their homes; and then if the business be so conducted that the loss as well as all distributable profits goes to them, the association becomes automatically coöperative as a matter of course.

As shown by Dr. Tucker, these principles were adopted in Germany at the start of the coöperative movement, launched there in the middle of the last century to solve the problems of shopkeepers and master artisans arising out of the industrial revolution. For a time the movement was confined to this class, exclusive of workmen and peasants; and its first creations were credit societies, with a savings feature, for raising small sums for members whose business had been

damaged by the advent of factories and machinery. These societies by degrees educated their members to the use of bills of exchange, acceptances, checking accounts and overdrafts, as well as of promissory notes and the saving of money; and thus, though small, they became veritable banks of discount and deposit, which is entirely unlike the mere thrift and providential loan idea of American credit unions.

Later on these little banks gave aid to producers' and consumers' associations of various kinds; and all were united under central banks and large industrial associations, wherever needed, into sectional and nation-wide systems. Variations naturally occurred as these systems arose and were extended into rural districts, evolving two distinct types of banks. Dr. Tucker's book covers only the type primarily designed for city folk. Over one fourth of the members of these so-called people's banks, however, now are peasants. The book discloses the cause of this, and in treating the origin and development historically gives full and accurate information on all other important points. Also it contains inspirational matter in its sketch of the life of Schulze-Delitzsch, the great organizer of coöperation in Germany and founder of these banks.

Except in the chapters dealing with the banks of other countries, the book draws its information from original sources and thus makes a particularly valuable contribution to the English literature on the subject. It is timely, too, since fifteen states are planning to enact coöperative bank laws, while Congress will probably soon pass a bill for giving short-term credit facilities to farmers.

R. INGALLS.

El Sistema Monetario i la Organizacion Bancaria de Chile. By GUILLERMO SUBERCASEAUX. (Santiago de Chile: Soc. Imprenta i Litografia Universo. 1920. Pp. 404).

As the only comprehensive history that has appeared of Chilean money and banking, from early colonial times to the present, Professor Subercaseaux's latest book supplies a real need in economic literature. The reviewer understands that an English edition has lately been published by the Carnegie Endowment for International Peace.

The writer was peculiarly fitted for the task. Professor of political economy in the University of Chile and widely known author of *El Papel Moneda* (1912, 1921), he is the most eminent Chilean authority on monetary and banking questions. As deputy for many years in the national congress, member of the monetary commission of 1913, and minister of finance in 1919-1920, he has worked earnestly for monetary reform. The report of the commission of 1913, which he wrote, came nearest to adoption of all the attempts that have been made to put Chile on a gold basis, being prevented only by the outbreak of the

European war. As finance minister he brought forward in 1920 the latest reform program, which, however, was defeated by opposition in the senate.

From the standpoint of economic history the most unique and valuable feature of the book is the account of the currency conditions and the monetary laws of the colonial period and the early years of the republic. Though some study of this early period had previously been made, notably by Juan T. Medina (*Monedas Usadas Por Los Indios. Las Monedas Chilenas*), this is the first general, systematic survey; and it has the special virtue of reducing for the first time the ancient Spanish coins to modern metric-decimal terms. Among the subjects treated in this section are the history of Spanish-American bimetallism; the origin and evolution of the Spanish-American peso and its influence upon the system of coinage adopted by the United States; the history of the Peruvian mint established by the Spaniards at Potosi in 1572 and of the mint established in Santiago de Chile in 1759, after a century of resistance from the Spanish authorities; the monetary laws of 1834 and 1851 and the subsidiary coinage laws of 1843 and 1860.

North American readers, however, will doubtless be chiefly interested in the later history, with its régime of inconvertible paper money. It is an astonishing fact, in view of present monetary conditions in Chile, and in view of our own earlier record of paper money, that there was no paper money of any sort, whether issued by banks or the government, before 1856, and no inconvertible paper prior to 1865. There were no banks of issue (or banks of any sort) until 1856, despite numerous ineffectual proposals and attempts dating from the outbreak of the rebellion against Spain in 1810.

Of considerable interest to economists of every hue is Subercaseaux's attitude toward the "pure theorist," and his ascription, with some asperity, of the eventual appearance of inconvertible paper in Chile to the undermining of the practical good sense and conservatism of the earlier statesmen by the introduction from Europe, by Courcelle-Seneuil who went to Chile as financial adviser in 1855, of the doctrines of laissez-faire economics.

It served in practice to confuse the judgment of statesmen, turning them away from positive observation of the facts and circumstances of actual economic and social life which ought to be the chief guides to political economy and especially to banking. Not unnaturally practical men came to have no comprehension of a science like economics, which, far from enlightening them as to how to work in accordance with the circumstances of the moment, seemed to remove them from real life, placing them in an economic world which exists solely in the realms of theory. The very intelligent and illustrious statesmen we have had until recently, disturbed their spirit with the influence of these theories, and turned away from the

realistic and inductive study of our economic problems convinced as they were of the truth of their own principles.

The early paper money consisted wholly of bank notes. The régime of inconvertible paper dates properly from the crisis of 1878, but its characteristic features date from the war with Peru and Bolivia in 1879-1881. Then for the first time appeared the government paper money (the *billete fiscal*) which has since become the main feature of Chilean currency, the bank note being suppressed entirely in 1898 after the failure of the attempt to maintain the gold standard which had been resumed in 1895. It is interesting to note that in this war, which was the real beginning of its monetary difficulties, Chile captured the Peruvian nitrate provinces of Tarapaca, which have ever since been its chief national resource and main fiscal reliance, and the main determinant of the value of its currency in world trade.

The later portions of the book deal with the attempt to resume the gold standard in 1895 and its breakdown in 1898, and the numerous subsequent monetary laws and proposals for reform. There is an excellent analysis of the domestic and international conditions which made the year 1904, when the gold standard was to have been resumed, the most favorable opportunity for resumption which was presented prior to the Great War, and of the reasons for the failure to seize it; of the rigidity of a system of government paper and its inflationist tendency; of the conversion fund, chiefly located abroad, which has for years been large enough to make possible the adoption of a gold-exchange standard. Especially noteworthy are the chapter on the gold-exchange standard proposed for Chile by the Commission of 1913, and the chapter on the war-time appreciation of the currency caused by the great increase in exports of nitrate and copper at high prices, and the subsequent collapse of the exchange when the foreign demand diminished. There are chapters also on the foreign banks in Chile, and on the Land Mortgage Bank, which in Chile, as in Argentina, has long enjoyed a prosperous and beneficent existence.

In general, the book is a narrative account rather than a formal analysis of the forces which govern the value of paper money. That analysis is to be found, rather, in the author's earlier book, *El Papel Moneda*; yet there are scattered throughout observations on the relation of export prices to domestic prices, on the influence of the foreign trade in different periods, on the differences between the rate of exchange and the premium on Chilean gold, and similar topics which will be of special interest to students of the phenomena of foreign exchange under paper. As a history of Chilean money and banking the book will be the standard work in its field.

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KOCH, A. *Der Warenkredit der Banken und seine Sicherstellung.* Second edition. (Jena: Fischer. 1922. Pp. viii, 128.)

LALLEMAND, C. *L'anarchie monétaire et ses conséquences économiques.* (Paris: Gauthier-Villars & Cie. 1922. Pp. 48. 2 fr.)

McADOW, F. H. *Mercantile credits.* (New York: Ronald Press Co. 1922. Pp. viii, 200. \$2.)

In the granting of commercial credit the problems of the seller center largely about the character, capital, and capacity of the buyer. But so important is the personal factor that no rules of thumb can be laid down as invariable maxims. Judgment based upon wide observation and a keen intellect are the best kind of equipment. Nevertheless, there are certain guiding principles that can be pointed out to the young credit man, thereby reducing the number of lessons to be learned in the school of experience. This in brief is the purpose of the author.

The first part of the book deals with the meaning and nature of credit, and the factors to be considered in solving the equation, of which the unknown quantity is: "Will the customer pay?" The routine work of the credit department is next presented. Reports of salesmen and commercial agencies and other sources of information follow. Two chapters are devoted to the property statement. Why men fail in business, effective methods of collecting accounts, general features of the bankruptcy law, a brief discussion of bank credits, and credits in connection with foreign trade comprise most of the remaining pages.

Principally because of its brevity, this is probably not even next to the last word on the subject. But certainly the author has succeeded in provoking fresh thought in a new field with a readable text as the medium.

M. J. S.

MAWAS, A. *Le système monétaire et le change anglais depuis la guerre.* (Paris: Marcel Giard & Cie. 1921. Pp. 406.)

This study of Dr. Mawas' is a doctoral thesis presented to the faculty of Law, and attempts an interpretation of the broad field indicated by the title. In his analysis the author has treated the subject under four headings, to each of which he devotes a section of his book: (1) a theoretical discussion of exchange and of the value of paper money; (2) the English money market and the crisis at the outbreak of the war; (3) the policy of regulating the exchanges; and (4) a statistical study of inflation and of exchange.

Dr. Mawas has devoted a large amount of labor to the collection of material and its arrangement. If the study had been limited to a narrower field the results would probably have been more satisfactory. It is true that a thorough study of foreign exchange since the war must be based upon some general theoretical point of view, but it seems hardly necessary to elaborate the general theory at length before reaching the main field of inquiry. In so far as it is in line with current theory, such an elaboration is unnecessary; and if an entirely new theory is set forth the task is too great for most younger writers. If it is undertaken, a separate volume should be devoted to it.

E. M. PATTERSON.

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- NEUMARK, F. *Begriff und Wesen der Inflation*. (Jena: Fischer. 1922. Pp. 69. 16 M.)
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- OPPENHEIM, F., compiler. *Oppenheim's dollar exchange tables*. (London: Frederic Oppenheim. 1922.)
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- A study undertaken to discover the defects of the sale-note, if any, its legal intent and meaning, the position of the cotton mill, cotton merchant and the bank in sale-note transactions, and how the situation can be improved.

SPALDING, W. F. *The London money market. A practical guide to what it is, where it is, and the operations conducted in it.* (London and New York: Pitman. 1922. Pp. xiii, 215. \$4.)

STEINER, W. H. *The mechanism of commercial credit.* (New York: Appleton. 1922. Pp. xv, 375. \$3.)

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TCHERKINSKY, M. *The Landschaften and their mortgage credit operations in Germany (1770-1920).* (Rome: Intern. Inst. of Agri. 1922. Pp. 90.)

VAN ZEELAND, P. *La réforme bancaire aux Etats-Unis d'Amérique de 1913 à 1921, le système de la réserve fédérale.* (Brussels: E. Bruylant. 1922. Pp. 297.)

WARD, W. *American commercial credits.* (New York: Ronald Press Co. 1922. Pp. xii, 278. \$2.50.)

The issuance of commercial letters of credit by American banks was insignificant until the passage of the Federal Reserve act in 1914 made it possible for national banks to engage in this form of business. Real headway, however, was not made until 1917 when our banks fairly outdid themselves, with a result that during the boom period following the Armistice the aggregate of bankers' acceptances outstanding in the United States soared to an amount estimated at one billion dollars. Following at the heels of the collapse of commodity prices came an unprecedented refusal to honor contracts and orders for goods; included in these business obligations struck by the wave of cancellations were commercial letters of credit. This seriously jeopardized the standing of American bank credits in foreign markets. To study the situation a Commercial Credit Conference of American bankers was appointed in 1920.

One of the purposes of the author is to present the Conference's conclusions and recommendations. That these points may be thoroughly understood the background of commercial credit practice is laid before the reader; illustrative transactions are shown and problems which have developed are given. The absence hitherto of standard practice and the confusion of banking methods and legal decisions have made indispensable many changes. As the author points out, the future will probably clarify and not obscure the fundamental simplicity of commercial letters of credit; and, when rightly understood and intelligently employed, they will have a usefulness far exceeding their benefits up to the present time.

Lawyers, bankers, and business men will find this book both readable and helpful in clearing up difficulties in this special field of banking.

M. J. S.

WHITEHEAD, R. B. *The pre-Mohammedan coinage of northwestern India.* Numismatic notes and monographs, no. 13. (New York: Am. Numismatic Soc., Broadway & 155th St. 1922. Pp. iii, 56. \$2.)

WOOD, H. *The gold dollars of 1858; with notes of the other issues.* Numismatic notes and monographs, no. 12. (New York: Am. Numismatic Soc., Broadway & 155th St. 1922. Pp. ii, 7. 50c.)

WRIGHT, I. *Bank credit and agriculture under the national and federal reserve banking systems.* (New York: McGraw-Hill Book Co. 1922. Pp. vii, 340. \$2.)

The author is to be commended for bringing out one of the first books which considers bank credit in the United States primarily from the agricultural point of view. He has closely held to his statement in the preface that "it is not the purpose of this book to argue the case either for or against agriculture, but rather to analyze the needs and conditions of short-time agricultural credit under existing banking systems." No attempt is made to give a constructive agricultural credit policy, but valuable information of a historical and statistical nature is presented.

This book is divided into three distinct parts. Part I, treating of the farmers' credit needs, is quite stimulating and includes some valuable discussions of the short-time credit needs of farmers for seasonal equipment, and for intermediate credit to provide for permanent farm improvements and fixed equipment.

Part II, treating of the relation of short-time agricultural credit under the old national banking system, takes up the National Bank act of 1864 and the amendments subsequently made. The inability of the national banks to accept land as security, the provisions relating to size of banks, and the inelasticity of note issue are given considerable attention in their relation to agriculture. Some references are made to the banks of Canada with their many branches, and the elasticity of the currency. One is inclined to feel that the Canadian system of banking is favored. At least one of the statements in regard to this system is inaccurate. Reference is made (p. 73) to twenty-nine banks in Canada with over 500 branches each. There are in fact, less than twenty chartered banks in Canada with a total of less than 5,000 branches. Seasonal inelasticity of currency as indicated by call loan rates, and the seasonal movement of cash between geographical districts of the United States and between large cities are treated in considerable detail.

In part III the federal reserve banking system is considered as it has affected and benefited agriculture. A number of chapters are devoted to the interest rates and the volume of rediscounts made by the various federal reserve banks at various periods. On some controversial points the reader would be inclined to doubt whether the author has presented sufficient facts to substantiate his point of view. The data presented on the amount of funds secured from federal reserve banks by various agricultural sections and the manner in which these were used in the past few years to finance the production and marketing of farm crops are of interest and value. In general the author holds that the federal reserve system has served agriculture very well and the officials of the banks have entertained a liberal attitude regarding loans.

Parts of this work are somewhat detailed and tedious for a reader not familiar with banking, but, on the other hand, probably are not sufficiently analytical or inclusive to meet the needs of the student of banking problems.

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North Dakota Agricultural College.

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The Chase National Bank of the City of New York, 1877-1922. (New York: Chase Nat. Bank. 1922. Pp. 34.)

An historical sketch which pays tribute to the officers who have contributed to the bank, and throws some light on changes in banking policy.

Elementary banking. (New York: Am. Inst. of Banking. 1922. Pp. 480.)

Livsmedelsförbrukningen inom mindre bemedlade hushåll under krigsåren 1914-1918. Sveriges Officiella Statistik, Socialstatistik. (Stockholm: Kartongs och Litografiska A. B. 1922. Pp. 141.)

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BRUMBY, G. and GATTRINGER, W. *Berliner Steuerkodex, enthaltend Berlins Steuerordnungen mit systematischer Darstellung.* (Berlin: Industrie-Verlag Spaeth & Linde. 1922. Pp. xv, 202. 120 M.)

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- FITZPATRICK, J. R., editor. *Tax law of the state of New York, being L. 1909, chapter 62, entitled "An act in relation to taxation, constituting chapter sixty of the consolidated laws" with all amendments to the end of the legislative session of 1922*. (New York: Baker, Voorhis & Co. Albany: M. Bender & Co. 1922. Pp. 314.)
- GLEASON, L. B. and OTIS, A. *A treatise on the law of inheritance taxation, with statutes and forms*. Third edition, revised and enlarged. (Albany: M. Bender & Co. 1922. Pp. lxxix, 1224. \$15.)
- GOUJET, R. *Le protectionisme en France depuis la guerre dans les faits et la doctrine*. (Paris: Vie Universitaire. 1922. 12 fr.)
- HUMM, A. *Die Zwangsanleihe. Ein Leitfaden für die Praxis*. (Würzburg: Bonitas-Bauer. 1922. Pp. iv, 72. 25 M.)
- JOHNSEN, J. E., compiler. *Cancellation of the Allied debt. The reference shelf*, vol. I, no. 1. (New York: H. W. Wilson Co. 1922. Pp. 61. 75c.)
- LACHAPELLE, G. *Les finances britanniques, avant et pendant la guerre*. (Bordeaux: Y. Cadoret. 1920. 16 fr.)
- MACAULAY, T. B. *The Allied debt to the United States. How would an American court decide if the case were between individuals? Canadian opinion*. (Montreal: Sun Life Assurance Co. 1922. Pp. 12.)
- McKENNA, R. *Reparations and international debts*. An address by the chairman of the London Joint City and Midland Bank at the convention of the American Bankers Association, New York, October 4, 1922. (New York: N. Y. Trust Co., 100 Broadway. 1922.)
- MACMILLAN, A. D. *Income tax*. Fourth edition. (London: Effingham Wilson. 1922. Pp. 96. 3s.)
- MADSEN, A. W. *Land value rating and the abolition of rates on buildings and improvements*. (London: United Committee for the Taxation of Land Values. 1922. Pp. 32. 1s.)
- MARTIN, N. *La question financière et la réorganisation des finances*. (Paris: Imp. Ed. de l'Agence Nationale. 1922. Pp. 63. 3.50 fr.)
- MOHUN, B. *The Revenue act of 1921, approved November 23, 1921, introduction and indices*. (Washington: Press of Byron S. Adams. 1922. Pp. xii, 164.)
- MONTGOMERY, R. H. *Income tax procedure, 1923*. (New York: Ronald. 1923. Pp. xxix, 1750. \$10.)¹

The preceding editions of Montgomery's manuals have been reviewed each year in the AMERICAN ECONOMIC REVIEW. This edition, since there has been no new general tax law, differs from the last previous edition only as the interpretation of the law by the courts and by the various rulings of the Treasury has resulted in changes in procedure. These changes accumulated in twelve months are numerous and important. The

¹This volume includes the Federal Estate tax; the Federal Capital Stock (Excise) tax; and a Supplement to the author's volume of *Excess Profits Tax Procedure, 1921*, bringing the information contained in that volume down to date.

convenience of having the new edition is that the taxpayer or scholar is saved the necessity of looking up the decisions and rulings of the year. In fact unless the particular point involved requires a close scrutiny of the precise language of a past decision or ruling this volume gives him the law down to January 1st, 1923.

Despite the efforts of the Tax Simplification Board, whose recommendations are not yet embodied in legislation, the congestion in the Income Tax Bureau has enormously increased. Many tax liabilities for 1917 are still unsettled, and those for 1918, the year of largest "excess profits," are in a state of utmost confusion. What the Simplification Board calls the "almost unsurmountable" difficulties found in the determination of invested capital, grow greater with the passage of time. Thousands of clerks and auditors crowded elbow on elbow into the inadequate space of a ramshackle "war" building in Washington pass up to the chiefs of bureaus and to the commissioner's deputies hundreds of "recommendations" daily upon which a definite decision by the higher authorities must ultimately be made. Since each decision establishes a precedent the difficulty of sifting precedents results in an atmosphere of indecision, uncertainty, and delay which is very serious and exceedingly costly to the taxpayers.

Fear that decentralization may bring inconsistencies, the impossibility of finding, at the salaries available, men big enough to be entrusted with discretionary power to make final decisions, keeps the administration concentrated in Washington, where frequent changes in the staff tend to increase the congestion and delay.

One of the great services which this and similar manuals render is the expression in intelligible and articulate form of the sufferings of the taxpayer. "The sheep before the shearer" is not quite dumb.

CARL C. PLEHN.

NACHIMSON, M. *Wirtschafts-statistisches Handbuch für Sowjetrussland.* (Berlin: E. Laubsche Verlagsbuchhandlung. 1922. Pp. 152. 200 M.)

PINTO, A. DE T. *El impuesto unico y la exención de impuesto a las mejores.* (Buenos-Aires: El Ateneo. 1922. Pp. 350.)

RIESS, E. and WICHERT, G. *Gross-Berliner Grundstückssteuerrecht. Textausgabe der Steuerbestimmungen mit kurzen Hinweisen für die Praxis.* (Berlin: Franz Vahlen. 1922. Pp. 50. 25 M.)

ROBINSON, M. E. *Public finance.* With an introduction by J. M. KEYNES. (London: King. 1922. 5s.)

SCHWARZ, O. *Die Steuerlast Deutschlands und der Entente. Ein Vergleich.* (Berlin: Zentraverlag. 1922. Pp. 27. 6 M.)

SELIGMAN, E. R. A. *The Allied debts, a constructive criticism of Secretary Hoover's views.* (New York: Author, Columbia Univ. 1922. Pp. 18.)
Reprinted from the *New York Times*, November 5, 1922.

———. *Sound tax reform.* The Chicago Daily News reprints, no. 3. (Chicago: Chicago Daily News. 1922.)

SUTHERLAND, D. *Federal "aid."* Supplement to bull. no. 44 of the Civic Federation of Chicago. (Chicago: Civic Fed., 108 La Salle St. 1922. Pp. 87.)

A study of a rapidly developing tendency in public finance in the

- United States with comparative observations from foreign countries, made under direction of the Civic Federation of Chicago.
- THÜMEN, G. *Das Vermögensteuergesetz*. (Berlin: Carl Heymann. 1922. Pp. xii, 292. 75 M.)
- A budget plan for Pennsylvania. Pennsylvania's appropriation methods and budget systems in the states*. (Philadelphia: Pa. State Chamber of Commerce. 1922. Pp. 120.)
- Excessive expenditure and oppressive taxation. A popular version of the Geddes reports*. With an introduction by F. W. HIRST. (London: League to Enforce Public Economy. 1922. 6d.)
- The finances of disarmament*. (New York: Mechanics & Metals National Bank. 1922. Pp. 32.)
- Indiana law relating to the assessment and taxation of property concerning the duties and powers of taxing officers and an appendix containing forms and general information*. Revised, January, 1922, by P. ZOERCHER. (Indianapolis, Ind.: State Board of Tax Commissioners. 1922. Pp. 285.)
- A mill tax for the support of higher educational institutions of Texas*. University of Texas, Bureau of Extension, no. 2236. (Austin, Texas: Univ. of Texas. 1922. Pp. 156.)
- The operation of the Massachusetts inheritance tax laws*. (Boston: Old Colony Trust Co. 1922. Pp. 48.)
- Report of the Joint Legislative Commission to investigate the affairs of the city of New York on the finances of the city*. (New York: Tenny Press. 1922. Pp. 58.)
- Rates of duties, taxes and imposts collected by imperial officers, quantities or amounts taxed, etc., 1920-1921*. (London: H. M.'s Stationery Office. 1922. 9d.)
- The transfer tax law (inheritance tax) article 10, chapter 62, laws of New York, 1909, as amended in 1922*. (New York: Guaranty Trust Co. 1922. Pp. 63.)
- The Wisconsin income tax law; soldiers' bonus surtax law; soldiers' educational bonus surtax law; teachers' retirement fund surtax law; refund and tax compromise laws; with explanatory notes rulings and citations to court decisions*. (Madison, Wis.: Wisconsin Tax Commission. 1922. Pp. 104.)

Social Problems and Reforms

- The Settlement Horizon. A National Estimate*. By ROBERT A. WOODS and ALBERT J. KENNEDY. (New York: Russell Sage Foundation. 1922. Pp. vi, 499. \$3.00.)

This very comprehensive account of the settlement movement and of present settlement activities begins with an outline of the English background and follows with a brief discussion of the beginnings of the movement in America. Part II, entitled "Neighborhood Guild" deals

with the problem of settlement clubs and brings out the many difficulties encountered in the development of an adequate and satisfactory program. A very valuable chapter deals with the mixed clubs. Incidentally the writers state that the majority of residents do not favor such clubs, but that there is a growing tendency to bring the sexes together at occasional intervals.

The writers accord the settlement a commanding place as an influence in the development of education and of culture. The settlement stimulated the kindergarten movement, the system of branch libraries, and interest in art, music, the drama, home making and craft education. Numerous illustrations are given in connection with the discussion of these developments. That the settlement has served an important function in improving the conditions of labor is well known, and the authors credit it with a real part in the spreading of better conceptions of the duties and aspirations of labor. Many of the leaders in the woman and child labor movement have received much of their inspiration for their work from the settlement ideal and from the contacts made through the settlement with actual labor conditions. Often the settlements themselves, have contributed directly to the solution of these problems, and always they have manifested a keen interest in standards and cost of living.

Under the heading "Common Weal" is discussed the struggle of the settlement for better political standards for neighborhood improvement, health, recreational facilities, and for law enforcement. Some settlements have engaged actively in political campaigns; others only when some very relevant issue was raised. It has been a general policy to assist in improving the sanitary conditions of a neighborhood and to arouse the people to some realization of the obligations of the city as well as their own. The fight against the saloon, vice clubs, immoral dancing, and other evils has been a most persistent and thankless job. The coming of prohibition has proved a wonderful boon to the residents of settlement neighborhoods, although the subject is not yet solved. The fact of marked improvement is quite clear. The writers claim that the best settlement opinion would not sanction so-called substitutes for the saloon and that settlements know that the real substitute is the home. Many social workers, however, believe that the absence of substitutes for the social life promoted by the saloon is in part responsible for the difficulties now encountered in the enforcement of prohibition.

The chapter on "Race and place" brings out in excellent fashion the telling features of the Americanization problems and show how the settlement has served as an effective agency in promoting race relationships, in conserving the best features of immigrant life and in adapting the newcomer to his adopted country. The authors state

that there are "certain friendly differences of judgment" between settlements and charity organization societies. They justify incidental relief-giving by settlements under certain conditions. The appendix adds valuable supplementary information for many chapters of the book.

The authors state, in conclusion, that the task of a settlement is not so much to carry out the principles of, as the spirit of, democracy. The settlement "seeks the general good, the widest fulfilment of human fact, the most creative play of human wills."

It is difficult to criticize or to evaluate so excellent a book. Much depends on the purpose of the authors in writing it. It is certainly not well adapted for textbook purposes. There is no subdivision of the chapters and the reader must plod through an entire chapter to obtain a good notion of its contents. Again, the material is so grouped that while it furnishes the readers with an excellent expression of the settlement idea, it nevertheless makes it difficult for him to work out a concrete plan for some settlement that he may be operating. Furthermore, the claims made for the influence of the settlement as a social agency certainly equal its accomplishments.

On the other hand, the book is written in scholarly fashion and gives us a very complete picture of the proposed program and organization of the social settlement. As collateral reading, there is nothing that can take its place nor pretend to do so for years to come. The excellent bibliography also adds greatly to the value of the book.

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NEW BOOKS

BRUNNER, E. DE S. and BRUNNER, M. V. *Irrigation and religion; a study of religious and social conditions in two California counties.* (New York: Doran. 1922. Pp. 128. \$2.50.)

BYINGTON, M. F. *What social workers should know about their own communities, an outline.* Third edition revised. (New York: Russell Sage Foundation, Charity Organization Dept. 1921. Pp. 43.)

CAMERON, J. *The National Park Service: its history, activities, and organization.* Institute of Government Research, Service monographs, no. 11. (New York: Appleton. 1922. Pp. xii, 167.)

CHASE, S. *The challenge of waste.* (New York: League for Industrial Democracy, 70 Fifth Ave. 1922. Pp. 27.)

COLEMAN, J. M. *Social ethics, an introduction to the nature and ethics of the state.* (New York: Fleming H. Revell Co. 1922. Pp. 357. \$1.25.)

FRANKLIN, F. *What prohibition has done to America.* (New York: Harcourt, Brace & Co. 1922. Pp. iv, 129. \$2.)

FRY, C. L. *The new and old immigrant in the land; a study of American-*

- ization and the rural church.* Commission of Social and Religious Surveys. (New York: Doran. 1922. Pp. xii, 119. \$2.50.)
- FULK, J. R. *The municipalization of play and recreation; the beginnings of a new institution.* (University Place, Neb.: Claflin Printing Co. 1922. Pp. viii, 97.)
- FULTON, C. H., editor. *A symposium on mining and metallurgical education. A collection of papers on the subject including the discussion presented at the meeting of the Commission of Education and Public Service of the American Mining Congress, Chicago, October, 1921.* General series, vol. XIV, no. 1. (Rolla, Mo.: Univ. of Missouri, School of Mines and Metallurgy. 1922. Pp. 106.)
- FÜRTH, H. *Der Haushalt vor und nach dem Kriege. Dargestellt an Hand eines mittellbürgerlichen Budgets.* (Jena: Fischer. 1922. Pp. 65. 80 M.)
- GROVES, E. R. *The rural mind and social welfare.* Foreword by K. L. BUTTERFIELD. (Chicago: Univ. of Chicago Press. 1922. Pp. xiv, 205.)
- HALDANE, LORD. *The philosophy of humanism.* (New Haven, Conn.: Yale Univ. Press. 1922. \$4.)
- HARMAN, B. H. *Business is business; the ruin of materialism and the hope of idealism in the interest of justice.* (Boston: Badger. 1922. Pp. 277. \$2.)
- HART, H. H. *Plans and illustrations of prisons and reformatories.* Presented at the Fifty-second Congress of the American Prison Reform Association, Detroit, October, 1922. (New York: Russell Sage Foundation. 1922. Pp. 62. \$2.50.)
- HOBHOUSE, L. T. *The elements of social justice.* (New York: Holt. 1922. Pp. viii, 247. \$2.)
- HOME, W. E. *Merchant seamen, their diseases and their welfare needs.* (London: Murray. 1922. Pp. 111. 5s.)
- JACKSON, H. E. *Robinson Crusoe, social engineer.* (New York: Dutton. 1922. Pp. x, 297. \$3.)
- KAUFFMAN, T. E. and FURNEY, O. *The organization and teaching of industrial and home-making subjects in part-time or continuation schools.* (Albany: C. F. Williams & Son, Inc. 1922.)
- LYON, L. S. *Education for business.* (Chicago: Univ. of Chicago Press. 1922. Pp. xiv, 618. \$3.50.)
- McKINNEY, J. and SIMONS, A. M. *Success through vocational guidance: occupation analysis.* (Chicago: American School. 1922. Pp. 270.)
Contains an introduction and chapters on taking an inventory, leadership, professions, engineering, commerce, accounting, advertising, manufacturing, banking, transportation, building trades, hotel and restaurant keeping, mining, forestry, civil service, social service, and agriculture.
- MARVIN, C. H. *Commercial education in secondary schools.* (New York: Holt. 1922. Pp. vii, 216. \$1.50.)
- MOLEY, R. *An outline of the Cleveland crime survey.* (Cleveland, O.: Cleveland Foundation. 1922. Pp. viii, 64.)

- NARAIN, B. *Essays on Indian economic problems*. Part I. (Lahore, India: Punjab Printing Works, Katcheri Road. 1922. Pp. x, 547. 5 r.)
- OSBURN, W. F. *Social change with respect to culture and original nature*. (New York: Huebsch. 1922. Pp. viii, 365. \$2.)
- RANDALL, J. H., JR. *Problem of group responsibility to society*. (New York: Columbia Univ. 1922. Pp. 269. \$2.)
- RICHARDS, C. R. *Art in industry*. (New York: Macmillan. 1922. Pp. 499. \$2.)
- ROWNTREE, B. S. *Industrial unrest; a way out*. With an introduction by HENRY S. DENNISON. Christianity and industry series, no. 8. (New York: Doran. 1922. Pp. 29. 10c.)
- SEARS, J. B. *Philanthropy in the history of American higher education*. Department of the Interior, Bureau of Education, bull. 1922, no. 26. (Washington: Supt. Docs. 1922. Pp. vi, 112. 15c.)
- THOMAS, A. F. *The way out; economic, industrial, financial*. (Lynchburg, Va.: J. P. Bell Co. 1922. Pp. 272. \$3.)
- VOGT, P. L. *Introduction to rural sociology*. (New York: Appleton. 1922. Pp. xvi, 457.)
- WALTER, H. R. *Investigations of industries in New York city, 1905-1921; a revision of a list of published reports*. Compiled in 1906 and reprinted with the permission of the Russell Sage Foundation. Revised and compiled by MARY E. BROWN. (New York: Vocational Guidance and Employment Service for Juniors. 1922. Pp. 35.)
- WILKES, F. A., YORK, G. M. and FURNEY, O. *The organization and teaching of commercial subjects in a part-time or continuation school*. (New York: C. F. Williams & Son. 1922. Pp. 58.)
- Annual report of the Division of Housing and Town Planning of Massachusetts for the year ending November 30, 1921*. Pub. doc. 103. (Boston: Dept. of Public Welfare. 1922. Pp. 47.)
- The Blind Persons' act, 1920*. Published by the National Joint Council. (London: Labor Party, 33 Eccleston Sq. 1922. Pp. 12. 3d.)
- Central financing of social agencies, a report by W. Frank Persons to the Columbus Advisory Council*. (Columbus, O.: Advisory Council. 1922. Pp. 284. Pp. 16. \$2.)
- Christianity and economic problems, facts, principles, programs, a discussion group textbook*. Prepared by KIRBY PAGE, chairman, LESLIE BLANCHARD, SHERWOOD EDDY and others for the Educational Committee of the Commission on the Church and Social Service of the Federal Council of the Churches of Christ in America. (New York: Y. M. C. A. Press. 1922. Pp. 120.)
- County organization for child care and protection*. Department of Labor, Children's Bureau pub. no. 107. (Washington: Supt. Docs. 1922. Pp. v, 173. 20c.)
- Factors in social evolution*. Sixteenth annual meeting of the American Sociological Society, Pittsburgh, December, 1921. (Chicago: Univ. of Chicago Press. 1922. Pp. 294. \$2.)

Handbook of social service resources of Cincinnati and Hamilton County, 1922. (Cincinnati, O.: Helen S. Trounstone Foundation. 1922. Pp. xiv, 104.)

How to live well on a moderate amount, a book of facts, not theories. (New York: Manwess Co. 1922. Pp. 32.)

Influenza: Framingham epidemic and post-epidemic observations. Framingham monograph no. 9, Medical series, IV. (Framingham, Mass.: Community Health and Tuberculosis Demonstration. 1922. Pp. 24. 5c.)

Report of the Louisiana State Housing Commission; under authority of act no. 19 of the general assembly of 1920 of the state of Louisiana. (New Orleans: State Housing Commission. 1921. Pp. 12.)

Workers education in the United States. Report of proceedings, Second National Conference on Workers Education in the United States, held at the New School for Social Research, New York City, April, 1922. (New York: Workers Education Bureau of America, 465 West 23rd St. 1922. Pp. 196. 50c.)

Covers Workers' education in the United States, Aims of workers' education, The labor movement and labor education, and Teaching methods in workers' education. A list of trade union colleges, study classes, and workers' educational enterprises is given in the appendix.

Insurance and Pensions

NEW BOOKS

CONANT, L. *A critical analysis of industrial pension systems.* (New York: Macmillan. 1922. Pp. xi, 262.)

HOBBS, C. W. *The investment laws relating to insurance companies.* Address before the Fifty-second Annual Session, National Convention of Insurance Commissioners, Louisville, Ky., September 27, 1921. (Boston: Wright & Potter Printing Co. 1921. Pp. 53.)

HUEBNER, S. S. *Property insurance.* New edition. (New York: Appleton. 1922. Pp. xix, 601. \$3.)

The original edition of Dr. Huebner's *Property Insurance* appeared in 1911. This new edition covers substantially the same ground with the addition of chapters on certain subjects which have demonstrated their importance since 1911, or on which adequate information was not available at that time. The titles of the additional chapters follow: use and occupancy, profits, and rent insurance (ch. 15); underwriters' associations (ch. 19); marine insurance rates (ch. 27); automobile insurance (ch. 28); and miscellaneous forms of property insurance (ch. 32). One subject treated in the earlier edition, the development of marine insurance, is omitted.

The chapters on the fire insurance contract have been revised to give effect to the new standard policy adopted by the National Convention of Insurance Commissioners and now widely used. Other chapters have been rearranged and brought up to date, and much new illustrative material has been added. With this new text available, teachers will find it possible to devote more time to discussion and less to supplemental lectures.

R. H. B.

- LOVELACE, G. M. *Analyzing life situations for insurance needs; the case method.* Endorsed by the National Association of Life Underwriters, Life Underwriters Association of Canada. Harper's life insurance library. (New York: Harper. 1922. Pp. xi, 220. \$2.25.)
- MONTCHRESTIEN. *Le problème des assurances sociales en France.* (Paris: Grasset. 1922. Pp. 250. 7 fr.)
- MOORE, W. F. *The insurance of plate glass against breakage.* An address delivered before the 153rd meeting of the Insurance Society of New York, February 17, 1920. (New York: Insurance Society of New York. Pp. 14.)
- RIDLEY, W. G. K. *The common hazards of fire insurance.* (New York: Pitman. 1922. 5s.)
- TODD, W. F. *Motor insurance; the treatment of mechanical road transport risks.* (New York: Pitman. 1922. Pp. ix, 155. \$2.50.)
- VAN AUKEN, M. W. *Ready reference digest of accident and health insurance law.* With an introduction by W. BROSMITH. (Albany: M. Bender & Co. 1922. Pp. vii, 357. \$6.50.)
- WEBER, G. A. *The Employees' Compensation Commission; its history, activities and organization.* Institute for Government Research, Service monographs, no. 12. (New York: Appleton. 1922. Pp. xi, 86.)
- The fire insurance contract: its history and interpretation.* Compiled and edited by and published under the auspices of, the Insurance Society of New York. (Indianapolis, Ind.: The Rough Notes Co. 1922. Pp. x, 932. \$5.)
- Insurance laws, state of Texas; digest of 1921.* By EDWARD HALL, State Commissioner of Insurance and Banking. (Austin, Tex.: Von Boeckmann-Jones Co. 1922. Pp. 279.)
- Memorandum in opposition to H. R. 4089, by Mr. Fitzgerald—now House Resolution 10034—entitled "A Bill Creating the District of Columbia Insurance Fund," etc.* (New York: Workmen's Compensation Publicity Bureau, 80 Maiden Lane. 1922. Pp. 15.)
- Premiums and losses in the various states of the United States, Alaska, District of Columbia and Hawaii, reported to the National Board of Fire Underwriters, Actuarial Bureau, showing the premiums written and losses incurred on fire and lighting business only (direct writing companies) during 1917-1920 & 1921.* (New York: Thomas Claydon Printing Co. 1922. Pp. 200.)
- Rapport du conseil fédéral sur sa gestion en 1922.* (Bern: Département de l'Économie Publique, Office Fédéral des Assurances Sociales. 1922. Pp. 40.)
- Rates of premium, cash guarantees and other policy values; instructions to agents.* (Des Moines, Ia.: Royal Union Mutual Life Insurance Co. 1922. Pp. 221.)
- Report on the valuations of the assets and liabilities of approved societies of national health insurance as at 31st December, 1918.* Government Actuary. (London: H. M.'s Stationery Office. 1922. Pp. 158.)

Rhode Island insurance laws, May, 1921. Compiled and indexed by P. H. WILBUR, Insurance Commissioner. (Providence, R. I.: E. L. Freeman Co. 1921.)

Unique manual-digest of American life insurance. Twenty-fourth annual edition, 1922. (Cincinnati and New York: National Underwriter Co. 1922. Pp. 1416.)

Workmen's compensation act of Wisconsin with 1921 amendments. (Madison, Wis.: Industrial Commission. 1921. Pp. 72.)

Pauperism, Charities, and Relief Measures

NEW BOOKS

CLARKE, J. J. *Social administration, including the poor law.* (London and New York: Pitman. 1922. Pp. 364.)

ROWNTREE, B. S. *Poverty; a study of town life.* New edition. (New York: Longmans, Green. 1922. Pp. xx, 496. \$1.75.)

The prevention and relief of distress. A handbook of information respecting the statutory and voluntary means available for the relief of distress and the improvement of social conditions. (London: King. 1922. Pp. 2s. 6d.)

Socialism and Co-operative Enterprises

NEW BOOKS

BRASOL, B. L. *The balance sheet of sovietism.* (New York: Duffield. 1922. \$2.)

COFFEY, D. *The coöperative movement in Jugo-Slavia, Rumania and North Italy, during and after the World War.* Carnegie Endowment for International Peace, Division of Economics and History. (New York: Oxford Univ. Press. 1922. Pp. vi, 99. \$1.)

DARLING, M. L. *Some aspects of coöperation in Germany, Italy, and Ireland.* (London: King. 1922. Pp. 191.)

A report made to the government of India upon a tour during 1920-1921 in Germany and Italy and upon three years' practical work and study in the Punjab.

GIDE, C. *Consumers' coöperative societies.* Translated from the French by the staff of the Coöperative Reference Library, Dublin, Ireland. With introduction and supplementary chapter by J. P. WARBASSE. (New York: Knopf. 1922. Pp. xiv, 287. \$3.)

HEIMANN, E. *Mehrwert und Gemeinwirtschaft. Kritische und positive Beiträge zur Theorie des Sozialismus.* (Berlin: Engelmann. 1922. Pp. 204. 386 M.)

HELANDER, S. *Marx und Hegel. Eine kritische Studie über sozialdemokratische Weltanschauung.* Authorized translation by MARGARETHE LANGFELDT. (Jena: Fischer. 1922. Pp. 84. 18 M.)

KRAUS, E. *Die geschichtlichen Grundlagen des Sozialismus.* Wissen und Wirken, Band 3. (Karlsruhe: G. Braun. 1922. Pp. 61. 30 M.)

- LAIDLER, H. W. *Recent developments in socialism, with bibliographies and directory*. (New York: League for Industrial Democracy, 70 Fifth Ave. 1922. Pp. 16. 10c.)
- LANDIS, B. Y. *Pacemakers in farmers' coöperation*. (New York: Author, Room 811, 70 Fifth Ave. 1922. Pp. 16. 15c.)
- MACDONALD, J. A. M. *Karl Marx and the present unrest*. (London: Fisher Unwin. 1922. Pp. 48. 1s. 6d.)
- MAUTNER, W. *Der Bolschewismus. Voraussetzungen, Geschichte, Theorie, zugleich eine Untersuchung seines Verhältnisses zum Marxismus*. (Stuttgart: W. Kohlhammer. 1922. Pp. xxiii, 368. 200 M.)
- MERCER, T. W. *Dr. William King and the Coöperator, 1828-1830*. (Manchester, Eng.: Coöperative Union. 1922. Pp. xxxvii, 144.)
- METTIER, H. *Die Theorie der Sozialisierung*. (Vienna: Schönberger.)
- MISES, L. *Die Gemeinwirtschaft. Untersuchungen über den Sozialismus*. (Jena: Fischer. 1922. Pp. viii, 503. 1922.)
- PLAUT, T. *Wesen und Bedeutung des Gildensozialismus*. (Jena: Fischer. 1922. 24 M.)
- PREZIOSI, G. *Cooperativismo rosso piovra dello stato*. (Bari: Laterza. 1922. Pp. 322. 13.50 l.)
- ROTHFIELD, O. *Impressions of the coöperative movement in France and Italy*. (London: King. 1920. Pp. 87. 2s. 6d.)
- STEINER, R. *The threefold commonwealth*. Authorized translation by E. BOWEN-WEDGWOOD. (New York: Threefold Commonwealth Pub. Co. 1922. Pp. xl, 206. \$2.)
- STRICKLAND, C. F. *An introduction to coöperation in India*. India of today series, no. 1. (London and New York: Oxford Univ. Press. 1922.)
- . *Studies in European coöperation*. (London: King. 1922. Pp. 166. 5s. 6d.)
- STRÖKEL, H. *Socialization in theory and practice*. Translated by H. J. STENNING. (London: King. 1922. Pp. 341.)
- SULTAN, H. *Gesellschaft und Staat bei Karl Marx und Friedrich Engels. Ein Beitrag zum Sozialisierungsproblem*. (Jena: Fischer. 1922. Pp. 128. 16 M.)
- VON TYSZKA, C. *Die Sozialisierung der Wirtschaftslebens*. Second, revised edition. (Jena: Fischer. 1922. Pp. vi, 92.)
- WILCOX, D. F. *Resolved: that municipal ownership of public utilities is desirable. The affirmative*. Public utilities for public service, leaflet no. 5. (Grand Rapids, Mich.: Author, 436 Crescent St. 1922.)
- Directory of consumers' coöperative associations in the United States. Appendix B*. (Washington: Supt. Docs. 1922. Pp. 99-146.)
- Reprinted from *Consumers' Coöperative Societies in the United States in 1920*, Bull. no. 813, Bureau of Labor Statistics, Dept. of Labor.

Statistics and Its Methods

NEW BOOKS

- AUSTRIAN, J. E. *Digest of business statistics; a comprehensive, concise and practical compilation, specially prepared for the use of sales and advertising executives; based on the findings of the census of 1920 and on data derived from other authoritative sources.* (New York: Author, 49 St. Nicholas Ter. 1922. Pp. vi, 97. \$25.)
- BIROT, J. *Statistique annuelle de géographie humaine comparée.* (Paris: Hachette. 1922.)
- BRAEUER, K. *Die Anpassung der Löhne und Gehälter an die Lebenskosten.* (Dresden: Zahn und Jaensch. 1922. Pp. 64.)
- CHARLIER, C. V. L. *Vorlesungen über die Grundzüge der mathematischen Statistik.* (Lund: Verlag Scientia. 1920. Pp. 125.)
- CZUBER, E. *Die statistischen Forschungsmethoden.* (Vienna: Seidel & Sohn. 1921. Pp. x, 238.)
- FISHER, I. *The making of index numbers.* Published under the auspices of the Pollak Foundation. (Boston: Houghton Mifflin Co. 1922. Pp. xxxi, 526. \$7.50.)
- HASKELL, A. C. and BREAZNELL, J. G. *Graphic charts in business; how to make and use them.* Introduction by R. T. DANA. (New York: Codex Book Co., Inc. 1922. Pp. 250.)
- HÜBNER, O. *Geographisch-statistische Tabellen aller Länder der Erde.* Revised by I. von JURASCHEK and H. von SCHULLERN. Sixtieth edition 1920. (Vienna: Seidel & Sohn. 1921. Pp. xvi, 160.)
- LIPMANN, O. *Abzählende Methoden und ihre Verwendung in der psychologischen Statistik.* (Leipzig: Barth. 1921. Pp. 78. 15 M.)
- VON MAYR, G. *Bevölkerungss Statistik.* Statistik und Gesellschaftslehre, vol. II. Second edition. (Tubingen: Mohr. 1922. 120 M.)
- MITCHELL, W. C., KING, W. I., KNAUTH, O. W., and MACAULAY, F. R. *Income in the United States. Its amount and distribution 1909-1919.* Vol. II, *Detailed report.* By the staff of the National Bureau of Economic Research, Inc. (New York: National Bureau of Economic Research. 1922. Pp. xiv, 424.)
- SELBY, H. E. *Graphic presentation of statistics of farm products.* Cir. 99. (Bozeman; Mon.: Univ. of Montana, Agri. Experiment Station. 1921. Pp. 46.)
- Agriculture.* Fourteenth census reports, 1920, vol. VI, parts 1 and 2. Department of Commerce, Bureau of the Census. (Washington: Supt. Docs. 1922. Pp. 766.)
- Annuaire statistique de la Belgique et du Congo Belge.* Vol. XLVI. Brussels: Ministère de l'Intérieur et de l'Hygiène. 1922. Pp. 240. 10 fr.)
- Annuario estadístico, año 1919.* (Montevideo, Uruguay: Dirección General de Estadística. 1921. Pp. xv, 599.)
- County of London.* Census, England and Wales, 1921. Part I. (London: H. M.'s Stationery Office. 1922. 2s. 6d.)

- Fifteenth annual report on the statistics of municipal finances in Massachusetts for city and town fiscal years ending between November 30, 1920, and March 31, 1921.* Pub. doc. 79. (Boston: Commissioner of Corporations and taxation. 1922. Pp. xxxv, 307.)
- International yearbook of agricultural statistics, 1909-1921.* (Rome: International Institute of Agriculture. 1922. Pp. xevi, 741.)
- Live stock and animal products statistics, 1921.* (Prepared in collaboration with the Department of Agriculture, Canada. (Ottawa, Canada: Dominion Bureau of Statistics. 1922. Pp. 66.)
- Lohn- und Gehaltserhebung vom Februar 1920.* (Statistik des Deutschen Reiches, vol. 293. (Berlin: Puttkammer & Mühlbrecht. 1921. Pp. 56, 438. 50 M.)
- London statistics, 1920-1921. Statistics of the administrative County of London, and of the public services carried on therein together with certain statistics of the adjacent districts.* Vol. XXVII. Compiled by the Clerk of the London City Council. (London: King. 1922. 15s.)
- Municipal statistics, 1920. Statistics of urban municipalities having a population of 1,000 to 3,000.* (Ottawa, Canada: Dominion Bureau of Statistics. 1922. Pp. 65.)
- New Zealand. Report on the justice statistics for 1921; vital statistics for 1921.* (Pp. 76; 164. 2s.; 3s. 6d.) *Statistical report on the agricultural and pastoral production of New Zealand for the season 1921-1922; population for 1921; trade and shipping for 1921.* (Pp. 55; 35; xxxi, 466. 1s. 6d.; 10s.) (Wellington: Census and Statistics Office. 1922.)
- New Zealand. Results of a census taken for the night of the 17th April, 1921.* (Wellington Census and Statistics Office. 1922. Pp. 18. 1s.)
Interim returns of religions, birthplaces, allegiance, race, ages, and conjugal condition.
- The official year book of New South Wales, 1921.* Copyrighted and published by authority of the government of the state of New South Wales. (Sydney: Bureau of Statistics. 1922. Pp. 880.)
- Report on productive industries, railways, taxes and assessments, waterways and miscellaneous statistics of the Commonwealth of Pennsylvania for the year 1920.* (Harrisburg: Bureau of Statistics and Information. 1921. Pp. 1040.)
- Statistical abstract of the United States, 1921.* (Washington: Supt. Docs. 1922. Pp. 900. 75c.)
- Statistisches Handbuch für die Republik Oesterreich.* II. Jahrgang. (Vienna: Bundesamt für Statistik. 1921. Pp. ix, 145.)
- Statistisches Jahrbuch für das Deutsche Reich.* 41. Jahrgang, 1920. (Berlin: Statistisches Reichsamt. 1921. Pp. xxxvi, 281.)
- Statistiske Aarbog, 1922.* (Copenhagen: Statistiske Department. 1922. Pp. xxiv, 228.)
- Statistisk årsbok för Sverige.* Nionde årgången, 1922. (Stockholm: Statistiska Centralbyrån. 1922. Pp. 332.)

PERIODICALS

The REVIEW is indebted to Robert F. Foerster for abstracts of articles in Italian periodicals, and to R. S. Saby for abstracts of articles in Danish, Dutch, and Swedish periodicals.

Theory

(Abstracts by Walton H. Hamilton)

- BARRON, J. T. *Professor Dewey and truth.* Catholic World, Nov., 1922. Pp. 10.
- BOUCKE, O. F. *The limits of social science, I.* Am. Journ. Soc., Nov., 1922. Pp. 19.
"To understand the limits of social science we must first study the aims and methods of *natural science*. The latter aim chiefly at the discovery of types of events or of connections, calling them causal or laws.....Causation, however, is never anything more than a statement of the inter-connections themselves."
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- . *A unique situation in economic theory.* Am. Econ. Rev., Dec., 1922. Pp. 8.
- BURNS, S. M. *Recent contributions to economic theory.* Economica, Oct., 1922. Pp. 7. An attempt to appraise recent contributions in terms of a modified "Cambridge system."
- CLAPHAM, J. H. *Empty economic boxes.* Econ. Journ., Sept., 1922. Pp. 10. A criticism of the economics of "the Great Analytics," as expounded by Marshall and Pigou.
-
- . *Empty economic boxes: a rejoinder.* Econ. Jour., Dec., 1922. Pp. 4. A reply to Mr. Pigou.
- CLARK, J. M. *The empire of machines.* Yale Rev., Oct., 1922. Pp. 12. A discussion of the cultural incidence of the machine, complementing the last part of the article upon "Soundings in Non-Euclidian Economics."
- CRONIN, J. F. *The workingman and his wages.* Catholic World, Nov., 1922. Pp. 7. A speculation upon the influence of restricted immigration and the consequent growth of unionism upon wage rates.
- DEWEY, J. *Individuality, equality, and superiority.* New Repub., Dec. 13, 1922. Pp. 3. The fallacy of aristocracy is the assumption of the superiority of the few. Those who are superior at one thing are inferior at another. Potential superiority at something is widely scattered throughout the population. "Democracy will not be democracy until education makes it its chief concern to release distinctive attributes in art, thought, and companionship."
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- . *Mediocrity and individuality.* New Repub., Dec. 6, 1922. Pp. 3. "The most limited member of the populace has potentialities which do not now reveal themselves and which will not reveal themselves till we convert education by and for mediocrity into an education by and for individuality."
- EDGEWORTH, F. V. *Equal pay to men and women for equal work.* Econ. Journ., Dec., 1922. Pp. 27. "Equal pay for equal work, in the sense of free competition between the sexes, has been advocated, with some reservations and adjustments. Desperate disorganized competition, tending to the degradation of labor, is supposed to be excluded."
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- . *The mathematical economics of Professor Amoroso.* Econ. Journ., Sept., 1922. Pp. 8. A review of his *Lezioni di Economia Matematica*.
- EHRLICH, E. *The philosophy of law.* Harvard Law Rev., Dec., 1922. Pp. 17. A short exposition of, and an argument for, a study of the functions of "legal provisions" in "the social order."

- FOREMAN, C. J. *Conflicting theories of goodwill*. Columbia Law Rev., Nov., 1922.
- GEDDES, P. *Essentials of sociology in relation to economics*. Indian Journ. Econ., Oct., 1922. Pp. 49. The second part of an attempt to construct an economics which is a part of an articulate sociology; a by-product of a life given to biology.
- GINSBERG, M. *The theory of progress*. Economica, Oct., 1922. Pp. 10. "The control of life has expanded in area, in extent, but can we be sure that there has been a corresponding extension in the realization of spiritual values? May it not be that the complexity of life has but added greater opportunities for discord?"
- GREGORY, J. C. *Three witnesses against behaviorism*. Phil. Rev., Nov., 1922. Pp. 12.
- HOYT, H. *The end of a thousand year cycle*. Administration, Jan., 1923. Pp. 10. An appraisal of the current economic order in terms of its place in an incomplete process of development."
- ISE, J. *The course in elementary economics*. Am. Econ. Rev., Dec., 1922. Pp. 10.
- JEVONS, H. S. *The art of economic development*. VII—*Social, political, and legal principles*. Indian Journ. Econ., Oct., 1922. Pp. 15. A consideration of the place in the economic order of security and justice; and control of human evolution, variety of occupation, and regional planning.
- JOHNSON, A. *The end of the world*. New Repub., Nov. 22, 1922. Pp. 3. A critical estimate of Stoddard's *The Revolt Against Civilization*; a denial of the validity of the book's argument against democracy.
- KALLEN, H. M. *Humanism and the industrial age*. I and II. New Repub., Jan. 10, 17, 1923. Pp. 3, 3. A study of how humanism has been affected by the coming of industrialism.
- LORIA, A. *La contribution des différents peuples aux progrès de la science économique*. Scientia, Nov., 1922. Pp. 14. A discussion of types of theory which, except for the Fabian and guild socialists, seems to stop abruptly at the beginning of the century.
- MACLINOWSKI, B. *Ethnology and the study of society*. Economica, Oct., 1922. Pp. 12. "There can be doubt about the *practical value* of a New Humanism, a broad philosophical view of human society and human nature based on a strictly scientific study of the facts at our disposal. . . . For nothing stimulates research and understanding as much as contact and comparison reached through the widest possible empiric survey of facts."
- MORROW, G. R. *The significance of the doctrine of sympathy in Hume and Adam Smith*. Phil. Rev., Jan., 1923. Pp. 19. "A succession of thinkers had kept alive the doctrine that there are certain questions that rationalism cannot solve. . . . In the case of Smith it may seem difficult to reconcile this attitude with the liberalism of his economic theory; but it must be remembered that in *The Wealth of Nations* he was contending against the very same systematizing tendency when applied to economic affairs."
- NOUSE, E. G. *Economic philosophy of coöperation*. Am. Econ. Rev., Dec., 1922. Pp. 21.
- PAINTER, G. S. *The idea of progress*. Am. Journ. Soc., Nov., 1922. Pp. 26. "Man has advanced along the lines of his desires and finds happiness in their realization. The whole history of science and philosophy is on the record of a ceaseless progress."
- PIGOU, A. C. *Empty economic boxes: a reply*. Econ. Journ., Dec., 1922. Pp. 8. A protest against the conclusions in Mr. Clapham's article.
- PHERAWANI, S. N. *Economics of education*. Journ. Indian Econ. Soc., June, 1922. Pp. 16. "Education is the transmission of the best social heredity to all the members of a society, the imparting of knowledge, skill and virtue to everyone according to his capacity. The socializing of education is the first sign of an

advancing civilization.....Strictest economy is necessary if education is not to be the monopoly of the few."

PRICE, L. L. *Le système capitaliste*. Scientia, July, 1922. Pp. 16. An uncompromising defense of "interest," "the profit motive," and the rest of the intellectual expression of "capitalism."

THEILEY, F. *The individualism of John Stuart Mill*. Phil. Rev., Jan., 1923. Pp. 17. A homily upon the text from Mill: The political economist "will be chiefly concerned with the conditions of existence and progress belonging to a society founded on private property and individual competition."

Economic History (United States)

(Abstracts by Amelia C. Ford)

ALBRIGHT, G. L. *Official explorations for Pacific railroads, 1855-1855*. Univ. of Calif. Pub. in History, vol. XI. A systematic history of four principal explorations made in the middle of the nineteenth century; some account of the surveys made from Pacific side in California and Oregon; also an examination of earlier plans for a Pacific railroad.

ANDERSON, B. M., JR. *The American farmer and Europe*. World's Work, Jan., 1923. Pp. 4. Analyzes the underlying troubles in Europe and suggests, as a possible solution, the cancelation or substantial modification of the debts of the continental Allies to Great Britain and the United States, and the flotation of new continental loans by British and American bankers. Continued from the December number.

BEETS, H. *Dutch journalism in Michigan*. Mich. Hist. Mag., vol. VI, nos. 2-3, 1922. Pp. 7. Mentions the various Dutch newspapers published from 1850 to the present to meet the needs of Hollanders in America.

BRADLEE, F. B. C. *Suppression of piracy in the West Indies, 1820-1832*. Essex Inst. Hist. Coll., Oct., 1922. Pp. 16. Relates experiences of Salem merchant vessels with pirates in the West Indies. To be continued.

BYRD, W. *Description of the Dismal Swamp and a proposal to drain the swamp*. Heartman's Hist. Series, no. 38. By Col. William Byrd of Westover. Edited by Mr. E. G. Swem, librarian of William and Mary College.

CARROLL, D. D. *Bread and butter aspect of North Carolina history*. Pub. of No. Carolina Hist. Commission, no. 28.

COBB, C. R. *Ho! Gogebic County!* Mich. Hist. Mag., vol. VI, nos. 2-3, 1922. Pp. 18. Refers to the development of mines and growth of business in this region.

CURLIE, A. *History of a Texas slave plantation*. Southwestern Hist. Quart., Oct., 1922. First instalment.

ESHELEMAN, H. F. *A history of Lancaster County's highway system from 1714 to 1760 (with map)*. Papers read before the Lancaster County, Pa., Hist. Soc., Mar. 8, 1922.

EWING, R. M. *Washington's western journeys and their relation to Pittsburgh*. Western Penn. Hist. Mag., July, 1922.

FELT, A. C. *Incidents of pioneer life*. Mich. Hist. Mag., vol. VI, nos. 2-3, 1922. Pp. 8. Sketches economic conditions of life in early Michigan.

GALPIN, W. F. *The American grain trade to the Spanish Peninsula, 1810-1814*. Am. Hist. Rev., Oct., 1922. Pp. 21. Discusses the great increase in the American grain exports to Spain and Portugal after the occupation of the Peninsula by the British, and of the abolition of this trade in 1818 as a result both of the American licensing bill and of a change in the British policy.

- GARDNER, H. *Communism among the Mormons*. Quart. Journ. Econ., Nov. 1922. Pp. 41. Outlines the underlying causes giving rise to the Mormon communism; describes the various attempts to establish it; finds the chief reason for its failure in the fact that the system was thrust upon the Mormons "without adequate preparation having been made for its reception."
- GILLETTE, J. M. *Economic and social background of the University of North Dakota*. Quart. Jour., Univ. of No. Dakota, Oct., 1921. Pp. 25. A statistical inventory of the resources and social conditions of the state; infers from them that the support of the university offers no appreciable burden to the tax payers, that it is "making a somewhat appropriate appeal to the various constituent factors of the Commonwealth, and that it is functioning acceptably and usefully as a state institution of its particular type.
- HARPER, R. M. *Development of agriculture in Georgia from 1850 to 1880*. Georgia Hist. Quart., June, 1922.
Development of agriculture in Upper Georgia from 1890-1920. Georgia Hist. Quart., Sept., 1922.
- HILL, H. W. *New York's new waterways: the barge canals*. Am. Rev. Rev., Jan., 1923. Pp. 5. A statistical description of the canals. Illustrated.
- HOLDREGE, G. W. *The making of the Burlington*. An address before the Nebraska State Historical Society, Jan. 12, 1921. Mr. Holdrege was an official of this road for 51 years, and gives many facts about the origin and construction of the Burlington Railroad from Chicago westward in the 50's. In pamphlet form.
- JACKSON, G. E. *Wheat and the trade cycle in Canada*. Canadian Hist. Rev., Sept., 1922.
- KELLOGG, L. P. *The electric light system at Appleton*. Wis. Mag. of Hist., Dec., 1922. Pp. 6. Describes the beginnings of the Edison Electric Central Station in the west in the summer of 1882.
- . *The first traders in Wisconsin*. Wis. Mag. of Hist., June, 1922. Pp. 12. Summarizes the journals of Radisson which describe four fur-trading voyages in the Upper Lakes region about the middle of the seventeenth century.
- MITCHELL, J. *Deep waterways movements, their origin and progress in Ontario*. Papers and Records, vol. XIX, of the Ontario Hist. Soc.
- PETTES, C. R. *History of forest conservation in New York*. Quart. Jour. of the N. Y. State Hist. Assoc., Apr., 1922.
- PHILLIPS, D. *Horse raising in Colonial New England*. Cornell Univ. Agri. Experiment Sta., Memoir 54.
- SCHAFER, J. *The Yankee and the Teuton in Wisconsin*. Wis. Mag. of Hist., Dec., 1922. Pp. 21. Contrasts the motives and methods of taking up land on the part of the pioneers from New England and New York with those of the early German settlers; describes land speculation in the 30's and 40's.
- SHAW, W. B. *New York's new waterways: a century's growth*. Am. Rev. Rev., Jan., 1923. Pp. 4. Outlines the history of the Erie Canal.
- SMITH, C. J. *Early development of railroads in the Pacific Northwest*. Wash. Hist. Quart., Oct., 1922. Pp. 8. Traces Henry Villard's part in the construction of the Northern Pacific railroad during the 70's and 80's.
- TUCKER, R. S. *Expansion of New England*. New England Hist. and Genealogical Register, Oct., 1922.
- VAN CLEVE, F. H. *Railroads of Delta County*. Mich. Hist. Mag., vol. VI, nos. 2-3, 1922. Pp. 16. Deals with incidents in the location and construction of the Chicago and Northwestern Railroad in this Michigan county.

- VOLWILER, A. T. *George Groghan and the westward movement, 1741-1782*. Penn. Mag. of Hist. and Biog., Oct., 1922. Pp. 25. An exceedingly able discussion of Groghan's career as Indian trader, agent, land speculator, and promoter of western colonizing projects. Continued in the January number.
- In accessions of original material to the Burton Historical Collection, Detroit Public Library.* (a) *The Eber Brock Ward papers*: of interest in connection with the development of navigation on the Great Lakes. (b) *Papers of Hon. Thomas W. Palmer*: of business and political interest, and relating to the Chicago Exposition of 1893.
- Biographical account of Samuel Loudon (1727-1813), merchant, printer, and patriot, with some of his letters.* N. Y. Hist. Soc. Quart.
- Diary of William F. Higbee of a trip made to western Pennsylvania in 1816-1817.* Penn. Mag. of Hist. and Biog., Jan., 1923. Pp. 5. Lists expenditures for meals, lodging, and stage fare on the trip, and cost of clothes, board, drink in his new home; also wages earned as a carpenter.
- Essex County vessels captured by foreign powers, 1793-1813.* Compiled from the American State Papers. In Essex Inst. Hist. Coll., Oct., 1922. Pp. 8. Lists these vessels with brief items.
- Indentures of apprentices in Essex County.* Essex Inst. Hist. Coll., July, 1922. Pp. 2. Printed from Essex County manuscripts.
- A letter from Racine in 1843, written by H. S. Durand.* Wis. Mag. of Hist., Mar., 1922. Pp. 5. Gives prices of land and wheat and investment opportunities; says "merchants mistake the character and wants of this western country and bring out immense stocks of merchandise, larger than the country demands." A plan of the village of Racine is added.
- Memoirs of Benjamin Van Cleve (1773-1821).* Quart. Pub. Hist. and Phil. Soc. of Ohio, Jan.-June, 1922. Contains descriptions of pioneer life in Ohio.
- Transcripts of mining laws of Jackson County.* Oregon Hist. Soc. Quart., June, 1922. Edited by Verne Blue.

Agricultural Economics

(Abstracts by A. J. Dadisman)

- ASHBY, A. W. *Standards of production in agriculture.* Edinburgh Rev., Jan., 1922. Pp. 18. An examination of the validity and utility of various standards.
- BARNES, J. K. *An even break for the farmer.* World's Work, Oct., 1922. Pp. 11. Methods and some results of coöperative marketing of farm products.
- BARUCH, B. M. *Putting farming on a modern business basis.* Kan. Bd. Agri., 1920. Pp. 13. A discussion of reforms in marketing agricultural products.
- BUTTERFIELD, K. L. *Chinese agriculture.* Am. Rev. Rev., Nov., 1922. Pp. 2. Agricultural problems and possibilities are pointed out.
- CARCANO, M. A. *Cuestiones agrarias. La rebaja del precio de los arrendamientos agrarios.* Rev. de Econ. Argentina, Aug., 1922. Pp. 19. A discussion of present tenancy problems in Argentina with some proposed solutions.
- CHERINGTON, P. T. *Wool growing in the United States.* Bull. Nat. Assoc. of Wool Mnfrs., July, 1922. Pp. 18. An historical sketch of wool production in the United States.
- CROMER, S. D. and EDWARDS, B. *Coöperative production and the economics of agriculture.* So. Atlantic Quart., Oct., 1922. Pp. 15. Limitations in coöperative production, difficulties of integration in agriculture, and economic farm units are discussed.

- FORSTER, G. W. *Land prices and land speculation in the bluegrass region of Kentucky.* Ky. Sta. Bull. 240, Jan., 1922. Pp. 34. A study of forces which influence prices of farms and the influence of land prices on production and status of the people. Twenty tables and four figures.
- GABRIEL, R. H. *The farmer in the commonwealth.* No. Am. Rev., May, 1921. Pp. 10. The influence and responsibility of farm organizations in the United States.
- HIBBARD, B. H. *The intensity of cultivation.* Quart. Jour. Econ., Aug., 1922. Pp. 20. A consideration of the factors involved and the difficulties in a practical application of intensity of culture.
- HILDEBRAND, K. *The capitalization of rural coöperative societies in Germany.* Intern. Rev. Agri. Econ., June, 1922. Pp. 17. Methods of providing capital and its importance for coöperative societies.
- HOOVER, H. *Farmers' problems.* Rept. Kan. State Bd. Agri., 1920. Pp. 15. An analysis of the farmers' marketing problem.
- JOHNSON, J. M. and STRAIT, E. D. *Farm management in Catawba County, North Carolina.* U. S. Dept. Agri. Bull. 1070, July, 1922. Pp. 23. An analysis of the farm business on 600 farms. Twelve tables.
- KELL, W. V. *Agriculture in Ohio and Switzerland Counties.* Indiana Ext. Bull. 112, Sept., 1922. Pp. 24. A constructive program for improving agriculture based on farm conditions.
- KALLBRUNNER, H. *Agricultural coöperation in Austria during the war.* Intern. Rev. Agri. Econ. July-Aug., 1922. Pp. 18. A statement of developments of several coöperative societies during the war.
- . *The cultivation of allotments during the war in Austria.* Intern. Rev. Agri. Econ., June, 1922. Pp. 15. The utilization of land otherwise unemployed in cities and country for gardening.
- LENNARD, R. *English agriculture since 1914.* I. Jour. Pol. Econ., Oct., 1922. Pp. 26. A sketch of English agricultural history during the war.
- . *English agriculture since 1914.* II. Jour. Pol. Econ. Dec., 1922. Pp. 21. A continuation of part I, giving conditions after the armistice.
- LESCOHIER, D. D. *Harvest labor problems in the wheat belt.* U. S. Dept. Agri. Bull. 1020, Apr., 1922. Pp. 35. A practical discussion of the problems. Seven figures and nine tables.
- . *The farm labor problem.* Jour. Farm Econ., Jan., 1921. Pp. 6. A discussion of the difficulties of getting and keeping farm labor.
- McFALL, R. J. *The balance between agriculture and industry.* Annalist, Nov., 1922. Pp. 3. Definite changes in the world's production are shown; large agricultural production and small industrial production with resulting price levels.
- RICKLES, A. *The farmer and the unseen thing.* New Repub., Dec., 1922. Pp. 3. The depressed condition of the farmer is pointed out.
- SANONIER, M. G. *La terre de France et la petite culture ouvrière.* Réf. Soc., July-Aug., 1922. Pp. 16. The number and conditions of agricultural workers and suggested reforms.
- SCHLOESSINGER, L. *Le placement de la main-d'oeuvre agricole.* Documents du Travail, Aug., 1922. Pp. 28. Agricultural labor conditions and organization and activities of labor bureaus.
- TRUESDELL, L. E. *A summary of the results of the 1920 census of agriculture.* Jour. Am. Stat. Assoc., June, 1922. Pp. 14. A brief but comprehensive summary.

- VAILE, R. *Some effects on certain agricultural products of uniform percentage increases in freight rates.* Quart. Jour. Econ., Aug., 1922. Pp. 10. An argument in favor of making changes in rates proportional to the relative part which freight charges play in total supply costs.
- WEISS, H. B. *The hazards of farming.* Annalist, Dec. 4, 1922. P. 1. Crop damages due to unfavorable climate, diseases and pests. One table and six charts.
- . *The trend of farm tenancy.* Annalist, Nov. 6, 1922. Pp. 2. A statistical study based on federal census figures, with two tables and two charts.
- Agricultural credit facilities during the war in Great Britain and Ireland.* Intern. Rev. Agri. Econ., June, 1922. Pp. 10. Methods of obtaining, uses made of, and amount of credit. Seven tables.
- Coöperation in Canada for the marketing of agricultural produce and the supply of farm requisites.* Intern. Rev. Agri. Econ., July-Aug., 1922. Pp. 48. Laws of each province relating to agricultural coöperation, coöperative sale of grain, wool, and livestock, and coöperative dairying are discussed. Thirteen tables are given.
- New agrarian legislation in Central Europe.* Intern. Lab. Rev., London. Sept., 1922. Pp. 19. A comparative study of recent methods of land settlement in several countries.

Railways and Transportation

(Abstracts by Julius H. Parmelee)

- ACWORTH, W. M. *British railway operating statistics and their lessons.* Ry. Gaz. (London), Nov. 10, 1922. Pp. 3. Also in Jour. of Inst. of Transport, Dec., 1922.
- ARTAUD, T. P. *A review of the federal valuation of railroads.* Yale Law Jour., Nov., 1922. Pp. 16. Historical steps leading up to railway valuation, and nature of valuation.
- BAKER, B. *The railroad year 1922—and after.* Annalist, Jan. 8, 1923. Pp. 5. Net income inadequate; effect of shopmen's strike still felt; future needs reasonable treatment for railways.
- . *Time to abolish the Railroad Labor Board.* Annalist, Oct. 23, 1922. Pp. 22. Advocates transfer of wage regulation to Interstate Commerce Commission.
- BARBER, A. B. *Polish railways make great strides in 1922.* Ry. Age, Jan. 6, 1923. Pp. 7.
- BARKER, J. E. *The Empire's need is railways.* United Empires, Nov., 1922. Pp. 4. Compares United States railway facilities with those of British Empire.
- BARNES, J. H. *The transportation situation and the farmer.* Ry. Age, Oct. 21, 1922. Pp. 2. Effect of traffic congestion.
- BECK, J. M. *Federal power over intrastate railroad rates.* Univ. of Penn. Law Rev., Nov., 1922. Pp. 15.
- Bikle, H. W. *The power of the Interstate Commerce Commission to prescribe minimum rates.* Harvard Law Rev., Nov., 1922. Pp. 28. Development of the law; its application to economic practice.
- CARTER, C. F. *Railroads are doing their job.* Nation's Bus., Jan., 1923. Pp. 3. Railway efficiency, and the car supply problem.
- . *Why is a railroad president?* Nation's Bus., Dec., 1922. Pp. 3. Function of the railway executive.
- CLARK, H. F. *Capitalization of railroad surplus.* Jour. Pol. Econ., Dec., 1922. Pp. 25. Analysis of Burlington and Lackawanna cases of 1921.

- CONCIALINI, P. *Alcuni aspetti del problema ferroviario*. Riv. d. Pol. Econ., Nov., 1922. Pp. 11.
- CUMMINS, A. B. *The truth about the Transportation act*. Ry. Age, Nov. 18, 1922. Pp. 5. Analysis of the law by one of its co-authors.
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HUNT, E. E. *Report on unemployment and business cycles*. Am. Labor Legis. Rev., Sept., 1922. Pp. 3. Author is secretary of President's Conference on Unemployment. A summary of the report.

HUSS, E. G. *The campaign against unemployment in Sweden*. Intern. Lab. Rev., Nov., 1922. Pp. 14.

JOELYN, C. S. *The British building guilds: a critical summary of two years' work*. Quart. Jour. Econ., Nov., 1922. Pp. 49.

KEY, A. C. *The strike in the gold mines of South Africa*. Intern. Lab. Rev., Dec., 1922. Pp. 23.

LANE, W. D. *A year since the milk strike in New York*. Survey, Nov. 15, 1922. Pp. 5.

LIESSE, A. *Le décret sur l'application de la journée de huit heures dans l'exploitation des grands réseaux ferrés*. L'Econ. Franç., Sept. 30, 1922. Pp. 3. The modifications allowed are not sufficient to remove the evil consequences of the general eight-hour law as applied to the railways.

LYND, R. S. *Done in oil*. Survey Graphic, Nov., 1922. Pp. 10. Conditions in the Elk Basin field.

McCLELLAN, W. F. *Employees' representation with reference to safety*. Mo. Labor Rev., Nov., 1922. Pp. 5.

MACGREGOR, D. H. *British aspects of unemployment*. Jour. Pol. Econ., Dec., 1922. Pp. 25. A consideration of various remedies and methods of prevention in the light of British experience.

McLAGAN, D. C. *Unemployment*. Fortn. Rev., Dec., 1922. Pp. 11. Causes and the remedy, in Great Britain.

DE MAN, H. *Workers' education in Belgium*. Intern. Lab. Rev., Oct., 1922. Pp. 19. Author is general secretary of the Belgium National Committee for Workers' Education.

MARRIOTT, J. A. R. *Capitalism, communism and unemployment*. Fortn. Rev., Jan., 1923. Pp. 12. Cycles of employment and unemployment are inseparable from large-scale production for world markets. Must be met by insurance by industries.

———. *Labor unrest and insurance by industries*. Fortn. Rev., Nov., 1922. Pp. 4. Advantages of insurance by industries against unemployment.

MATHERLY, W. J. *Fundamental ways of reducing labor turnover*. Administration, Oct., 1922. Pp. 7.

MERRICK, D. V. *Classification and standardization of work as a basis for day and incentive wage rates*. Bull. Taylor Soc., Aug., 1922. Pp. 6.

- MORLEY, F. *The incidence of unemployment by age and sex.* Econ. Jour., Dec., 1922. Pp. 12. From data made available by British employment exchanges.
- MYERS, A. S. *A successful employee partnership plan.* Indus. Manag., Nov., 1922. Pp. 7. The plan has been in operation for four years at the Dutchess Bleachery, Wappinger Falls, N. Y.
- DE NOUVION, G. *Le contrôle ouvrier sur la gestion des entreprises.* Jour. des Econ., Oct. 15, 1922. Pp. 18. Argues against workers sharing in management.
- PICARD, R. *La lutte contre le chômage.* Doc. du Travail, Oct., 1922. Pp. 11.
- PIGOU, A. C. *Trade boards and the Cave committee.* Econ. Jour., Sept., 1922. Pp. 10. Critical comment on the findings and recommendations of the committee of inquiry into the working and effects of the British Trade Board acts, considered in relation to the general problem of governmental regulation of wages.
- PIROU, G. *Le contrôle ouvrier sur la production.* Rev. d'Econ. Pol., Sept.-Oct., 1922. Pp. 38. A review of recent attempts at joint control of the business by workers and owners shows that real joint control is not practiced, apart from matters of wages and working conditions.
- RIPLEY, W. Z. *Why the railroad strike failed and the coal miners won.* Survey Graphic, Jan., 1923. Pp. 4.
- ROCKFELLER, J. D., JR. *A promise of better days.* Survey Graphic, Nov., 1922. Pp. 2. Comment on article by R. S. Lynd in same issue.
- ROWNTREE, S. *The future of British industry.* No. Am. Rev., Jan., 1923. Pp. 11. Concerned largely with labor.
- RYAN, J. A. *Living wage repudiated.* Catholic Charities Rev., Oct., 1922. Pp. 2. Adverse comment on a ruling of the Railroad Labor Board.
- SECRÉTAN, P. *Les syndicats ouvriers allemands.* L'Econ. Franç., Oct. 14, 1922. Pp. 3.
- SITZLER, F. *The law of collective bargaining in Germany.* Intern. Lab. Rev., Oct., 1922. Pp. 16.
- SMALLWOOD, J. R. *The union that owns Newfoundland.* Nation, Jan. 10, 1923. Pp. 2. The achievements of the Fishermen's Protective Union. The writer is a member of the union.
- SMITH, F. D. *Practical operation of Kansas Industrial Court law.* Am. Bar Assoc. Jour., Nov., 1922. Pp. 3. The court has prevented many strikes and has prevented violence during the strikes that have occurred.
- STERNAU, H. G. *The railroad strike injunction.* Am. Labor Legis. Rev., Sept., 1922. Pp. 5. A compilation of the facts, statements and comments.
- STODDARD, W. L. *The technique of employee representation.* Administration, Nov., 1922. Pp. 8. An analysis of methods and results, highly favorable to employee representation.
- STONE, E. L. *Recent books on labor in the United States.* Special Libraries, Nov., 1922. Pp. 10.
- THOMAS, N. *Rockefeller's good intentions in Somerset County.* Nation, Dec. 20, 1922. Pp. 2.
- TURNER, V. B. *Agricultural wage-earners in the United States.* Mo. Labor Rev., Dec., 1922. Pp. 19.
- . *Agricultural wages and wage-earners in Denmark.* Mo. Labor Rev., Nov., 1922. Pp. 10.
- WALNOTTE, D. *Le tribunal industriel du Kansas.* Rev. de l'Inst. de Sociol., Sept., 1922. Pp. 87. Concludes that the Industrial Court differs very little from compulsory arbitration. Points out weaknesses in the system.

- WINSLOW, E. A. *Changes in food consumption among working-class families.* *Economica*, Oct., 1922. Pp. 16. Based on British experience from 1904-1920.
- WITTE, E. E. *Results of injunctions in labor disputes.* *Am. Labor Legis. Rev.*, Dec., 1922. Pp. 5.
- ZIMMERMAN, W. *Die dritte Internationale Arbeitskonferenz in Genf.* *Weltwirtsch. Archiv*, July, 1922. Pp. 12.
- Attendance in four textile mills in Philadelphia.* I, *Classification of reasons for absence.* II, *Extent of absenteeism.* III, *Causes for absenteeism.* IV, *Climatic influences in non-attendance.* V, *Conclusions.* *The Annals*, Supplement, Nov., 1922. Pp. 35.
- Australian labor moves to the left.* *Nation*, Nov. 8, 1922. Pp. 3.
- Baker-Gompers "open shop" correspondence.* *Am. Fed.*, Nov., 1922. Pp. 9.
- Decision of the Railroad Labor Board on the living wage.* *Mo. Labor Rev.*, Dec., 1922. Pp. 6. Extracts from the majority and dissenting opinions.
- Our experience with women workers—the policy followed in 36 lines of industry.* *Factory*, Dec., 1922. Pp. 5.
- The fourth session of the International Labour Conference.* *Intern. Lab. Rev.*, Dec., 1922. Pp. 2.
- The three-shift system in the iron and steel industry.* *Intern. Lab. Rev.*, Oct., 1922. Pp. 12. Results of an inquiry undertaken by the International Labour Office at the request of the Research Committee of the Taylor Society. Covers countries other than the United States.
- What lies before the new Federal Coal Commission.* *Survey Graphic*, Nov., 1922. Pp. 4.

Money, Prices, Credit, and Banking

(Abstracts by N. R. Whitney)

- AGGER, E. E. *Our experience with money heresies.* *Jour. Am. Bankers Assoc.*, Sept., 1922. Pp. 4. A brief résumé of inflationary movements in the history of the United States.
- ANGELL, J. W. *International trade under inconvertible paper.* *Quart. Jour. Econ.*, May, 1922. Pp. 3.
- BEAN, R. H. *The effect of business conditions on acceptance financing.* *Econ. World*, Dec. 23, 1922. Pp. 3. Reprinted from *Acceptance Bull.* of the Am. Acceptance Council, Nov., 1922. The shrinkage in acceptances is due to the smaller volume of exports and imports. As business revives it is predicted acceptance financing will increase.
- CALZADA, E. M. *Moneda provincial.* *Rev. de Econ. Argentina*, Aug., 1922. Pp. 5. Calls attention to dangers to the standing of the national money of the Argentina caused by the issue of money by the various provinces in Argentina. Government has not thus far been able to eliminate these abuses.
- CHLEPNER, B. S. *Notes sur l'évolution bancaire en Belgique.* *Rev. de l'Inst. de Sociol.*, Sept., 1922. Pp. 34. A valuable historical survey.
- COUGHLIN, T. *The Morris plan of banking and credits.* *Bus. Progress Bull.*, Sept., 1922.
- CRICK, W. F. *British banking statistics.* *Jour. Am. Stat. Assoc.*, Dec., 1922. Pp. 8. Calls attention to the dearth of banking statistics in Great Britain as compared with the wealth of such information in the United States. The author attributes the difference to the fact that there are legal requirements in the United States

calling for publication of statements and reports. Furthermore, the conception of banking as a public function is much more widely held in the United States than in Great Britain. Finally, the British banker relies more on tradition and instinct for guidance than the American banker.

DE YOUNG, D. P. *Industrial banking in the United States*. *Annalist*, Sept., 1922. Pp. 2. Recent development of coöperative credit unions, remedial loan associations, and industrial banks to take care of the needs of the large number of small borrowers.

DOUCET, R. *La chute du mark et ses effets*. *Monde Econ.*, July, 1922. Pp. 2. Advocates repudiation of existing paper money.

FANNO, M. *Inflazione monetaria e corso dei cambi*. *Giorn. d. Econ.*, Oct., Nov., 1922. Pp. 31, 22.

FOSTER, W. T. *The annual production-consumption equation*. *Annalist*, Oct. 30, 1922. Pp. 2. To avoid depressions a balance of output and effective demand must be maintained. Major cycles can be controlled by regulating the amount of money available for use in consumption.

———. *The function of gold in foreign trade*. *Annalist*, Oct. 23, 1922. Pp. 2. Argues for stabilization of exchange.

FREW, W. E. *Favorable opinion on branch bank question*. *Bankers Mag.*, Nov., 1922. Pp. 4. Branch banking develops the field and stimulates banking business generally in the community to the benefit of the independent institution as well as to the merged banks.

FRISSELLA-VELLA, G. *Espropriazione per causa di pubblica utilità*. *Rif. Soc.*, July-Aug., 1922. Pp. 8. Paper money inflation in Italy has greatly increased the difficulty of fixing values in condemnation proceedings, where the law requires reference to values during a previous period of years.

GARINO-CANINA, A. *Le peripezie monetarie nel periodo bellico e post-bellico*. *Rif. Soc.*, Sept.-Oct., 1922. Pp. 11.

GEPHART, W. F. *Recent developments in commercial banking policy in the United States*. *Econ. World*, Sept., 1922. Pp. 3. There has been a great increase in investment holdings of commercial banks as compared with loans and discounts. This makes it necessary for the present-day banker to study the investment market and to keep posted on international affairs in order to anticipate the world demand for capital.

GRAZLADEL, F. *Le accettazioni bancarie nel commercio internazionale*. *Riv. d. Pol. Econ.*, July-Aug., Oct., 1922. Pp. 11, 9.

GUPTA, B. B. D. *Recent banking and currency legislation in India*. *Quart. Jour. Econ.*, Nov., 1922. Pp. 8. The Imperial Bank of India, organized in 1921, is an amalgamation of the three presidency banks with many of the narrow restrictions imposed upon its business. The Indian Paper Currency act of 1920 changes, principally, the method of holding reserve from a partial to a proportionate reserve, puts the constitution and locale of the reserve on a permanent footing, and introduces elasticity and economy.

HAHN, A. *Statistische und dynamische Wechselkurse*. *Archiv f. Sozialwis. u. Sozialpolitik*, Aug., 1922. Pp. 18. Denies that Germany reaps any trade or financial advantage from the cheapening of the mark.

HAMBLING, H. *Current rates of exchange and their relation to pre-war gold parities*. *Jour. Inst. Bankers*, Dec., 1922. Pp. 2. Asserts that many countries will have to face the devaluation of their currencies, and that the sooner they do so the better it will be for them.

———. *Stabilizing currency*. *Bankers' Mag.* (London), Dec., 1922. Pp. 7. An argument for devaluation.

- HARGER, C. M. *Is deposit guaranty a settled policy?* Jour. Am. Bankers Assoc., Oct., 1922. Pp. 3. Where already established, necessity is felt for making system more workable rather than abandoning it.
- HAWTREY, J. H. *The Genoa resolutions on currency.* Econ. Jour., Sept., 1922. Pp. 13. A meeting is recommended of representatives of the central banks under the leadership of the Bank of England to which representatives of the United States shall be invited. The object is to obtain coöperation among the chief credit regulating agencies in the various countries. In order to economize in the use of gold the adoption of the gold exchange standard is recommended.
- JANSSON, W. *Frågan om guldlöner i Tyskland.* Soc. Med., no. 11, 1922. Pp. 2. Expects on the basis of observations in Germany that wages will soon have to be paid in gold rather than paper marks.
- JEFFERIES, T. C. *The federal reserve system—its purposes and its accomplishments.* Manfrs. Trust Co. Quart. Bull., July, 1922. Pp. 30. Shows that many of the criticisms of the federal reserve system are unfounded.
- KERSCHAGL, R. *Neue Schriften über die Natur und die Zukunft des Geldes.* Schmollers Jahrb., 2 Heft, 46 Jahrg., 1922. Pp. 5. A rejoinder to Bortkiewicz's review of the writer's book, *Die Lehre vom Gelde in der Wirtschaft.*
- KEYNES, J. M. *Current monetary problems.* Jour. Inst. Bankers, Dec., 1922. Pp. 3. Deals with some of the problems growing out of the depreciation of the mark.
- KLEINE-NATROP, H. *De autonomis van de Deutsche Rijksbank.* De Econ. (Dutch), Dec., 1922. Pp. 9. The position of the German Reichsbank historically and at present under Allied pressure on Germany to meet her obligations under the treaty of Versailles.
- LIÈSSE, A. *L'assainissement du régime monétaire allemand: la "dévaluation" du mark.* L'Econ. Franç., Oct. 21, 1922. Pp. 3. The mark has gone so low that it can never come back to par. It should be stabilized. This requires three things: (1) creation of a stabilization fund; (2) the emission of internal loans having a constant value; and (3) complete cessation of the issue of paper money.
- *Sur la nouvelle chute du mark.* L'Econ. Franc., July, 1922. Pp. 8.
- LOUCKS, V. R. *Argument against branch banking.* Bankers Mag., Nov., 1922. Pp. 6. Branch banking would result in the gradual elimination of the small independent bank and the close relationship existing between these banks and their clientele.
- MCDUGAL, J. B. *Agricultural and commercial loans.* The Annals, no. 188, 1922. Pp. 5.
- MARLOW, J. *Depreciated currencies and the bondholder.* Finan. Rev. Rev., Dec., 1922. Pp. 9. Bondholders whose securities are based on railways or industrial establishments in countries having greatly depreciated currencies should not despair. Their securities are likely to grow more valuable.
- MINTY, L. LEM. *The Ontario savings bank scheme.* Economica, Oct., 1922. Pp. 10. Ontario has organized a department under the Agricultural Development Board to establish a savings bank system with branches scattered throughout the province. Deposits of any size are to be received and may be withdrawn by check at any time subject to the proviso that the banks may require thirty days notice at any time they desire. Interest at the rate of 4 per cent will be paid on deposits, and it is expected that the funds thus received will be sufficient to take care of the borrowing needs of the farmers. It is expected that the banks will also be able to lend money to the government. Each banking association must have at least thirty active farmers as members before incorporation. The capital will be supplied in part by the farmer members; in part by the government, and in part by local municipalities in which the association is formed. Profits are to be used either to reduce the rate of interest on loans or to increase the rate paid to depositors.

- MORRIS, F. *Purchasing power parity*. Bankers' Mag. (London), Dec., 1922. Pp. 3. A criticism of Professor Cassel's interpretation and application of the purchasing power theory of international exchange.
- OLIVER, M. *Le change et les prix*. Rev. d'Econ. Pol., July-Aug., 1922. Pp. 45. Examines relations between exchange and prices in twelve countries—Japan, Switzerland, the Netherlands, Sweden, Great Britain, Denmark, Norway, France, Italy, Germany, Bulgaria, and Poland. For the comparisons the United States dollar is taken as a standard. The author calls attention to the existence of a close relationship between exchange and prices, though he does not attempt to say what is the cause of the relationship. Contains tables and graphs.
- PIGOU, A. C. *The foreign exchanges*. Quart. Jour. Econ., Nov., 1922. Pp. 22. Discusses the causes of fluctuations in the rates of exchange.
- . *The private use of money*. Contemp. Rev., Apr., 1922.
- PRATT, I. S. *The Austro-Hungarian Bank and its successor*. Annalist, Oct., 1922. Pp. 2. The new note issuing bank, capitalized in Swiss francs, may succeed if it can be kept independent of the government. The bank will assume liability for bank notes issued by the Austro-Hungarian Bank.
- PRESTON, H. H. *Branch banking in California*. Jour. Pol. Econ., Aug., 1922. Pp. 23. General survey of branch banking in the United States with special reference to the experience of California banks. Recommends the amendment of the National Bank act to permit the establishment of branches in those states where state banks have such privileges.
- PRIOU, J. *La question monétaire dans le territoire de la Sarre*. Rev. d'Econ. Pol., July-Aug., 1922. Pp. 9. Deals with the problems arising in connection with the concurrent circulation of francs and marks within the limits of the Sarre region. Raw materials are bought in francs and finished goods sold in part for marks.
- ROSSI, P. *The effect of cheap money on investment prices*. Finan. Rev. Rev. (London), Sept., 1922. Pp. 4. The safest choice of investment securities under present uncertain conditions would be those which are below par and redeemable in the early future.
- SPALDING, W. F. *Concerning letters of credit*. Bankers' Mag. (London), Oct., 1922. Pp. 10. Much of the difficulty in foreign trade financing would be removed if standardized credit forms and uniform commercial practices were adopted.
- SPRAGUE, O. M. W. *Bank management and the business cycle*. Harvard Bus. Rev., Oct., 1922. Pp. 5. The rapid advance in prices which usually marks the approach to business collapse would be impossible without liberal extension of credit by banks. Banks could therefore prevent some of the excesses of the so-called periods of prosperity and thus mitigate the evils of the ensuing period of depression, by regulating more wisely the extension of credit. It is advocated that the banks require business borrowers to show improving ratio of current assets to current liabilities in periods of activity.
- VERRIJN STUART, C. A. *Metallisme en a-metallisme*. De Econ. (Dutch), Dec., 1922. Pp. 16. An exposition of the trend away from the gold standard after 1914.
- VOGEL, E. H. *Das Ziel der Währungspolitik. Eine Entgegnung*. Zeitschr. f. Volks- u. Sozialpolitik, 1-3 Heft, 1922. Pp. 19. A reply to Alfred Amonn's criticism of the author's article on the above subject.
- WARD, W. *Principles to be observed in the creation of acceptance credits*. Econ. World, Oct. 28, 1922. Pp. 2. Reprinted from *Acceptance Bull.* of the Am. Acceptance Council, Sept., 1922.
- WESTERFIELD, R. B. *An examination of opposition to branch banking*. Annalist, Oct., 1922. Pp. 2. The opposition is based on feeling rather than on reason; on fallacy rather than on sound economics.

- WHITE, B. *Bank notes a century ago*. Bankers' Mag. (London), Nov., 1922. Pp. 8. A description of a collection of bank notes and drafts ranging in date from 1795-1919.
- WIKOFF, F. J. *The guaranty of bank deposits*. Jour. Am. Bankers Assoc., July, 1922. Pp. 4. The danger of unlimited guarantees as exemplified by the experience of the state of Oklahoma under a compulsory guaranty law.
- WILLIAMS, J. H. *The balance of international payments of the United States for the year 1921*. Rev. Econ. Stat., July, 1922. Pp. 14.
- WILLIS, H. P. *The federal reserve system*. Pol. Sci. Quart., Dec., 1922.
- . *How the reserve functions*. Bus. Progress Bull., Sept., 1922.
- WOODWORTH, L. D. *School savings in 1921-1922*. Jour. Nat. Educ. Assoc., Dec., 1922. Pp. 3. More than 1,200,000 pupils deposited a total of over \$5,700,000 through the savings bank systems in schools of the United States during the school year 1921-1922.
- YVES-GUYOT. *Aberrations germanophiles et dévaluation du mark*. Jour. des Econ., Oct. 15, 1922. Pp. 21. Discusses the views advanced by various English writers concerning France and the reparations.
- Branch banking in Detroit*. Bankers Mag., Nov., 1922. Pp. 10. In Detroit, where there are three national banks without branches, 179 state branch banks are operated. The national banks are in an unfavorable position to compete with the state banks having many branches. This shows itself especially in the ability of the latter to secure savings deposits.
- Convention opposes branch banking*. Bankers Mag., Nov., 1922. Pp. 2. The convention of the American Bankers Association adopted a resolution condemning the practice of branch banking.
- The currency of Russia under the soviet government*. Econ. World, Nov. 25, 1922. Pp. 3. An account of the successive issues of paper money.
- The first building and loan association in America*. Am. Bldg. Assoc., News, Sept., 1922. Pp. 3. Established in Frankford, Pa., in 1831, as a terminating association. Based upon the English plan.
- Livsmedelpriser och levnadskostar*. Soc. Med., no. 12, 1922. Pp. 4. A tabulated comparison of the average prices of fifty-nine different articles of food and fuel year by year from 1913 to 1922.
- Majority report of the committee of foreign experts asked to advise the German government on the stabilization of the mark*. Econ. World, Nov. 18, 1922. Pp. 2. With temporary relief from payments under the Versailles treaty the stabilization of the mark would depend upon industrial and budgetary developments within Germany.
- Monetary conditions in Mexico*. Econ. World, Dec. 16, 1922. Pp. 2. Reprinted from *Fed. Reserve Bull.*, Nov., 1922.
- The progress of banking in Great Britain and Ireland during 1921*. III and IV. Bankers' Mag. (London), Oct., Nov., 1922. Pp. 19, 18. Third article in series deals with proportion of cash to callable liabilities. The fourth discusses the proportion of capital and reserve to deposits.
- Proceedings of the forty-eighth annual convention of the American Bankers Association, held at New York City, October 2-6, 1922*. Jour. Am. Bankers' Assoc., Nov., 1922. Also printed in *Commercial and Finan. Chron.*, Oct. 21, 1922, American Bankers' Convention section.
- Revised schedule of fees for trust company services*. Trust Companies. Pp. 8. A schedule of the fees which prevail pretty generally throughout the United States.

The stabilization of the German mark. Jour. Inst. Bankers, Dec., 1922. Pp. 5. Report to the German government by R. H. Brand, Professor Cassel, Professor Jenks, and J. M. Keynes.

Symposium on foreign investment. Bankers Mag., Aug., 1922. Pp. 15. The desirability of investment in foreign loans and securities is almost unanimously agreed upon.

Public Finance

(Abstracts by Charles P. Huse)

ARTAUD, A. *Budget et impôts (suite et fin).* Monde Econ., Nov. 4, 1922. Pp. 2. Concludes the report of a speech made in the Chamber of Deputies.

BAKER, R. E. *Bibliography of capital levy.* Bull. British Lib. of Pol. Sci., Nov., 1922. Pp. 5.

BONN, M. J. *The reparation problem.* Annals, Nov., 1922. Pp. 8. Asks for a reasonable moratorium.

BOSC, A. *Le budget des Etats-Unis.* Rev. de Sci. et de Legis. Finan., July-Sept., 1922. Pp. 63. A study of the working of the new budget system shows its beneficial results.

CADOUX, G. *Les charges budgétaires locales des habitants du Département de la Seine.* Jour. Soc. Stat. Paris, Oct., 1922. Pp. 5. The burden has become perilously heavy.

CHANDLER, H. A. E. *America's interest in the intergovernmental debt problem.* Commerce Mo., Jan., 1923. Pp. 15. A discussion of the productive capacity, the financial strength, and the exportable surplus of European countries leads to the conclusion that the United States should adopt a liberal policy toward her debtors.

CHANDLER, P. *Soil exhaustion in relation to income tax laws.* Administration, Oct., 1922. Pp. 5. The neglect of this factor has caused much loss to the farmers.

COLE, A. H. *The textile schedules in the tariff of 1922.* Quart. Jour. Econ., Nov., 1922. Pp. 23. Show an improvement in form with a higher level of rates.

CONVERSE, C. C. *Taxation of telephone properties.* Bull. Nat. Tax Assoc., Oct., 1922. Pp. 5. A brief survey of the practice in other states and a description of the system followed in North Dakota.

CURATO, G. *Il bilancio dello stato pel 1918-1921.* Rif. Soc., July-Aug., 1922. Pp. 31.

DEGAETANO, F. *La riforma delle imposte dirette sui redditi.* Riv. d. Pol. Econ., July-Aug., 1922. Pp. 16.

———. *Uno sguardo alla nostra legislazione tributaria di guerra.* Riv. d. Pol. Econ., Nov., 1922. Pp. 10. A criticism, with suggestions as to the way in which the Italian tax system can be steered away from the war-time distortions to a balanced condition.

DINGLEY, E. N. *A tariff to raise revenue and reduce unemployment.* Am. Rev. Rev., Oct., 1922. Pp. 8. The son of the famous Congressman gives the point of view of the protectionists.

DULLES, J. F. *The Allied debts.* Foreign Affairs, Sept. 15, 1922. Pp. 17. A study of our balance of indebtedness and of European finances leads to the conclusion that, while Great Britain may pay some of her debt, the Allied debt as a whole will never be paid. In our own interest we should, therefore, cancel the uncollectable part.

FONTANA, A. *La pressione tributaria.* Riv. d. Pol. Econ., June, 1922. Pp. 5.

FRIDAY, D. *The tariff and the cost of living.* Am. Rev. Rev., Nov., 1922. Pp. 5. The addition to the cost of living will bring no material injury.

- GIDE, C. *The indemnity for reparations*. The Annals, Nov., 1922. Pp. 9. Presents a plan calling for payment at a reduced amount.
- GILBERT, S. P. *A report to United States stockholders*. Nation's Bus., Oct., 1922. Pp. 2. Useful analysis of federal finances by the under-secretary of the Treasury.
- GIRETTI, E. *Il progetto di "unione doganale italo-austriaca"*. Rif. Soc., Sept.-Oct., 1922. Pp. 11. A plea for free trade apropos of a proposed reciprocity tariff between Italy and Austria.
- GRÜNWALD-EHREN, P. *Grundzüge der Finanzpolitik der Nachfolgestaaten der österreichisch-ungarischen Monarchie*. Zeitsch. f. Volkswirts. u. Sozialpolitik, 7-9 Heft, Band II. Pp. 52. A study of the expenditures, revenues and note issue of the successors of the old empire discloses Czecho-Slovakia in the most favorable financial position, with Jugoslavia and Roumania next, and Hungary, Poland and Austria at the foot.
- HOBHOUSE. *Reparations and tariffs*. Contemp. Rev., Aug., 1922.
- HOLLANDER, J. H. *The Allied debt problem from the standpoint of morals, economics, and statesmanship*. Econ. World, Dec. 9, 1922. Pp. 3. Reprinted from N.Y. Times, Nov. 26, 1922. Believes that our debtors can and should pay an annual interest and amortization charge not exceeding \$500,000,000.
- JÉZE, G. *La technique du crédit public*. Rev. de Sci. et de Legis. Finan, July-Sept., 1922. Pp. 37. A review of the policies of the United States, France, and Great Britain indicates that the rate of interest adopted should be the market rate.
- KIELSTRA, J. C. *De ondernemersraad voor Nederlandsch-Indië en het belastingstelsel daar te lande*. De Econ. (Dutch), Dec., 1922. Pp. 12. The recommendations of a business men's council concerning improvements in the system of taxation in the Dutch Indies, at present somewhat unsatisfactory because of primitive economic conditions prevailing.
- LATOUR, C. C. *The public finances of Czechoslovakia*. Annalist, Oct. 30, 1922. Pp. 2. A vigorous tax policy has enabled this country to float a foreign loan and to deflate her currency.
- LIESSE, A. *A propos du rendement des impôts: l'impôt sur le chiffre d'affaires*. L'Econ. Franç., Oct. 28, 1922. Pp. 4. Discusses the need of strengthening the administration of the sales tax.
- LODGE, H. C. *A defense of the wool schedule*. Protectionist, Nov., 1922. Pp. 6. An address given at the recent dinner at the Home Market Club.
- McKENNA, R. *Reparations and international debts*. Econ. World, Oct. 7, 1922. Pp. 7. England is the only country in a position to meet interest and sinking-fund charges on her foreign debts.
- MAY, O. *The taxation of capital gains*. Harvard Bus. Rev., Oct., 1922. Pp. 8. Believes that revenues can be increased, tax avoidance diminished and greater justice secured by giving up the taxation of such gains.
- MONTGOMERY, R. H. *Income tax suggestions*. Administration, Dec., 1922. Pp. 6. Illogical to try to evade taxation by the declaration of stock dividends.
- . *Why should we have a new federal tax law?* Jour. Account., Nov., 1922. Pp. 12. Believes that political considerations would prevent any real reform at present.
- NADLER, M. *Russia's foreign indebtedness*. Annalist, Nov. 20, 1922. Pp. 2. The settlement of this problem would aid in European reconstruction.
- PATYN. *La situation financière de la Hollande*. Rev. Econ. Intern., June 25, 1922.
- PREsUTTI, E. *Il controllo parlamentare finanziario*. Riv. d. Pol. Econ., Oct., 1922. Pp. 7.

- PLYE, J. F. *The taxation of incomes in Oklahoma*. Jour. Pol. Econ., Oct., 1922. Pp. 8. A graduated tax, with low rates and high exemptions, on net personal incomes.
- RIGHTOR, C. E. *Comparative tax rate for 32 cities*. Nat. Munic. Rev., Dec., 1922. Pp. 5. Compiled by the Detroit Bureau of Governmental Research.
- . *Review of reports on funded debt of cities*. Nat. Munic. Rev., Nov., 1922. Pp. 5. Investigations in Cleveland and other cities have led to reforms.
- RINDLER, M. *Excess-profits taxes and the balance sheet*. Annalist, Sept. 4, 1922. Pp. 2. The tax has led to a greater degree of accuracy in balance sheets.
- ROTHE, T. *Pourquoi et comment réduire les dépenses de l'état français*. Réf. Soc., Sept.-Oct., 1922. Pp. 13. Expenditures can be reduced by improvements in the revenue system and by the curtailment of useless expenses.
- SOUTHWORTH, C. *Newsprint paper industry and the tariff*. Jour. Pol. Econ., Oct., 1922. Pp. 17. The removal of the duty on imports of newsprint paper from Canada in 1911 hastened the expansion of the Canadian industry.
- STAMP, J. *Double taxation of internationally employed capital as an obstacle to the economic recovery of Europe*. Econ. World, Oct. 14, 1922. Pp. 2. Discusses the theory and practice involved.
- TAUSSIG, F. W. *The Tariff act of 1922*. Quart. Jour. Econ., Nov., 1922. Pp. 28. Increased protection resulted from the feeling for self-sufficiency and the demand of the agricultural interests for relief.
- THORNTON, F. W. "Why should we have a new federal tax law?" Jour. Account., Dec., 1922. Pp. 5.
- VADJA, M. *Het Fordney-McCumber tarief*. De Econ. (Dutch), Oct., 1922. Pp. 9. A discussion of the recently enacted American tariff law.
- VESTAL, S. C. *How Germany can pay her reparations indebtedness*. Econ. World, Oct. 28, 1922. Reprinted from *N. Y. Times*, Oct. 22, 1922. By delivering capital goods such as railways and telephone equipment.
- WRIGHT, P. G. *How high is the tariff?* Jour. Am. Bankers Assoc., Oct., 1922. Pp. 4. A satisfactory answer must await the importations and collections under the act.
- . *The new tariff examined*. Am. Rev. Rev., Nov., 1922. Pp. 7. Explains the forces which brought it about, examines the rates and considers its probable effects.
- L'emprunt forcé en Grèce*. Rev. de Sci. et de Légis. Finan., July-Sept., 1922. Pp. 22. Describes this novel method, concluding that it has brought the same evils as follow the issue of paper money.

Insurance and Pensions

(Abstracts by Henry J. Harris)

- BLACKWELL, I. A. *Bibliography no. 20: Workmen's compensation*. Bull. British Lib. of Pol. Sci., Aug., 1922. Pp. 5.
- BOLWIN, H. *Rückversicherung und Versicherungskonzerne*. Zeitschr. f. d. g. Ver. Wis., Oct., 1922. Pp. 14. Describes various forms of these carriers, with history of leading firms.
- BROWN, E. H. *On the valuation of endowment assurances by select tables*. Jour. Inst. Actuaries, Nov., 1922. Pp. 30. Tables and graphs.
- CHEYNEY, A. S. *England's verdict on unemployment insurance*. Am. Labor Legis. Rev., Sept., 1922. Pp. 2. The administration is under fire, but the system itself is taken for granted.

- CLARK, A. B. *Life insurance from the standpoint of economic history and theory.* Econ. World, Dec. 23, 1922. Pp. 2. Life insurance promotes initiative, thrift and industry.
- DESAI, K. C. *Coöperative life insurance.* Bombay Coöp. Quart., Sept., 1922. Pp. 4. Life insurance not a suitable field for coöperators.
- EPSTEIN, A. *Old age pensions.* Am. Labor Legis. Rev., Dec., 1922. Pp. 5. Official investigations show that of persons reaching 65, one out of every three is dependent on charity or relatives; one out of every five is a pauper. A system of old age pensions should replace the almshouse.
- FIGGE, J. *Die Preiskalkulation in industriellen Betrieben und ihre Wertung für die Brandschaden-Regulierung.* Zeitschr. f. d. g. Ver. Wis., Oct., 1922. Pp. 84. Elements of cost accounting as related to settlements of fire losses.
- HELM, W. P., JR. *The war pension bill of the United States in the past and in the future.* Econ. World, Dec., 1922. Pp. 2. Reprinted from *The Budget* (N. Y.), Dec. 1, 1922. The recent session of Congress showed signs of enacting pension laws for the World War. The cost of all war pensions in the past and an estimate.
- JOHNSTON, G. W. *The origin and earlier history of annuities.* Econ. World, Dec. 23, 1922. Pp. 2. Earliest development in Rome, in crude form. Holland and later England made wide use of the annuity to secure loans.
- KEESLING, F. V. *The principles of law governing the agency relation in the business of life insurance.* Econ. World, Oct. 7, 1922. Pp. 2. Court decisions on various aspects of this problem.
- KISCH, W. *Zur Lehre von der Mitversicherung.* Zeitschr. f. d. g. Ver. Wis., Oct., 1922. Pp. 13.
- LAIRD, J. M. *Personal health and accident insurance in conjunction with life insurance.* Econ. World, Nov. 4, 1922. Pp. 2. These have become an integral part of life insurance—the company can give greater protection under the combination than under separate policies.
- LESCHKE-SAENGER, C. *Staatsaufsicht und Transportversicherung.* Weltwirts. Archiv, July, 1922. Pp. 87. General statement of subject.
- LOREY, W. *Das Studium der Versicherungsmathematik.* Zeitsch. f. d. g. Ver. Wis., Oct., 1922. Pp. 14.
- MANES, A. *Die Sozialversicherung im Weltarbeitsrecht.* Zeitschr. f. d. g. Ver. Wis., Oct., 1922. Pp. 8.
- PICARD, R. *Le projet de loi sur les assurances sociales.* Doc. du Travail, Sept., 1922. Pp. 13. History, provisions and comment on the bill.
- PURDY, L. *Old age pensions for public servants.* Nat. Munic. Rev., Nov., 1922. Pp. 3. Proposes that contributions of employees who died before becoming eligible should be added to the capital fund; the capital fund should remain intact forever and only the income be used.
- RICHARDS, E. G. *Some observations on acquisition cost, the determination of rates and state control in American fire insurance.* Econ. World, Oct. 21, 1922. Pp. 4. The actual cost experience is the only basis for computing rates.
- RICHMOND, G. W. *Austrian national life tables.* Jour. Inst. Actuaries, Nov., 1922. Pp. 31. Based on the census of 1900 and 1910, using registers of births and deaths for intervening years.
- SAYER, H. D. *Recent legislation and workmen's compensation administration in New York.* Econ. World, Oct. 14, 1922. Pp. 3. Principal changes are in administration.

- SRÖSTRAND, E. *Den engelska arbetslöshetsförsäkringens anpassning efter olika industriers behov.* Soc. Med., no. 11, 1922. Pp. 2. A report from London on the operation of the unemployment insurance law in different industries.
- VAKIL, C. N. *Famine insurance grant.* Jour. Indian Econ. Soc., June, 1922. Pp. 13. As famines were recurrent, the central government began in 1878 to appropriate sums in advance to provide a reserve for relief. History of the fund.
- WEINBERGER, O. *Transportversicherung und Valuta.* Zeitschr. f. d. g. Ver. Wis., Oct., 1922. Pp. 5. Court rulings as to the amount to be paid when currency fluctuates.
- English experience of the gamble, loss, and disillusionment of "newspaper insurance."* Econ. World, Nov. 25, 1922. Pp. 2. Originally published in the *Manchester Guardian*. English newspapers have been offering accident insurance free to persons having a copy of the paper in their possession. The plan has caused much dissatisfaction.

Pauperism, Charities, and Relief Measures

(Abstracts by George B. Mangold)

- CADY, V. M. *The psychology and pathology of personality.* Jour. Delinquency, Sept., 1922. Gives a summary of test problems and adds an excellent bibliography on the subject. Brief comment is also made on the material to be found in some of the more important personality studies.
- FITZGERALD, J. *Overhead in Catholic charities.* Cath. Charities Rev., Nov., 1922. The writer analyzes so-called overhead charges and points out further that not all salaries are to be classified as overhead, but represent actual work done in practical service.
- HUMPSTONE, H. J. *The care of dependent children.* Quart. Jour., Univ. of No. Dakota, Oct., 1921. Discusses briefly the problem of handling destitute, delinquent and feeble-minded children. Also gives a paragraph to the deaf and the blind. Emphasizes the fact that in order to be successful, the state must show a deep interest in individual differences among children and must provide treatment accordingly.
- PATTERSON, S. H. *Family desertion and non-support.* Jour. Delinquency, Sept., 1922. Represents the first section of a study of court cases in Philadelphia from 1916 to 1920. It covers such items as the number of cases, the factors of race, nationality, religion, and the social economic environment. There are excellent tables dealing with wages, occupations, housing conditions, religious affiliations, and alcoholism.

Statistics

(Abstracts by Horace Secrist)

- ABBOTT, E. *The English census of 1921.* Jour. Pol. Econ., Dec., 1922. Pp. 14. An analysis of the preliminary results of the English census. The reviewer says that the new census when finally published should provide "material of great interest in the field of social statistics in the returns from (1) the 'orphan' question, (2) the 'place of work,' (3) the 'dependent children' question, (4) the substitution of the enumerator's for the householder's return as to the number of rooms in each occupied dwelling.
- ANDREW, S. L. *World's telephone statistics.* Bell Tel. Quart., Oct., 1922. Pp. 9.
- BEVERIDGE, W. H. *Wheat prices and rainfall in western Europe.* Jour. Royal Stat. Soc., May, 1922. Pp. 47. A sequel and supplement to the author's earlier study, *Weather and Harvest Cycles*.

- BISPHAM, J. W. *Note on a heterotypic frequency distribution.* Jour. Royal Stat. Soc., May, 1922. Pp. 4.
- BOAS, F. *The measurement of differences between variable quantities.* Jour. Am. Stat. Assoc., Dec., 1922. Pp. 21. "In the following pages I wish to discuss the question whether a valid method of comparing closely allied forms (biological) can be found, so that arbitrary classifications may be avoided and measurable differences between types established."
- BOWLEY, A. L. *The relation between wholesale and retail prices since the war.* Economica, Oct., 1922. Pp. 13. A discussion in the light of three methods: that of Dr. Elas; that of correlations; and that of differences. Tabular and graphical material.
- BROWN, R. M. *City growth and city advertising.* Sci. Mo., Jan., 1923. Pp. 9. A discussion of the growth of cities in the light of types of industry carried on and the nature of advertising used by "booster" organizations.
- CASALI, O. *L'ufficio statistico-economico delle camere di commercio e industria.* Riv. d. Pol. Econ., June, 1922. Pp. 7.
- COMMONS, J. R., MCCracken, H. L., and ZEUGH, W. E. *Secular trends and business cycles—a classification of theories.* Rev. Econ. Stat., Oct., 1922. Pp. 19. A fundamental discussion in the light of theories. General topics are: Value theories and types of economy; Price movement based on an embodied value theory; Price movement based on a commanded value theory; Summary.
- CRICK, W. F. *British banking statistics.* Jour. Am. Stat. Assoc., Dec., 1922. Pp. 11. Interprets the current English banking statistics published and points out their inadequacy.
- EDGEWORTH, F. Y. *Molecular statistics, II.* Jour. Royal Stat. Soc., May, 1922. Pp. 8.
- GIBSON, A. H. *The future course of high-class investment values.* Bankers' and Agents' Mag., Jan., 1923. Pp. 18.
- GOLDENWEISER, E. A. *Index numbers of foreign exchange: a reply.* Quart. Jour. Econ., Nov., 1922. Pp. 5. A reply to a former criticism which raises and discusses the fundamental questions in index number making.
- HANSEN, A. H. *Industrial classes in the United States in 1920.* Jour. Am. Stat. Assoc., Dec., 1922. Pp. 4. A continuation of the author's earlier study, "Industrial Class Alignment in the United States," published in the same journal.
- HART, J. Y. *An investigation of sickness data of public elementary school teachers in London, 1904-1919.* Jour. Royal Stat. Soc., May, 1922. Pp. 19. Concludes *inter alia* that, "Teachers form a healthy class of the community, and their death rate (between the ages of 21 and 65) is only 3.63 per 1000.
- HOWLAND, K. E. *A statistical study of poor relief in Massachusetts.* Jour. Am. Stat. Assoc., Dec., 1922. Pp. 9. An interesting study with suggestions for making the collection, tabulation, and analysis of data uniform and comparable.
- HURLIN, R. G. *The employment statistics of the United States employment service.* Jour. Am. Stat. Assoc., Dec., 1922. Pp. 8. Concludes that: "(1) It is feasible to collect data for a representative employment index from a large number of cities in a short space of time and to make the figures available within a few days of the date of their collection. (2) The use of non-statistically trained agents is not necessarily a reflection upon the character of the figures. (3) A large-establishment and large-city index, if properly weighted industrially and geographically is representative of employment trends for the country as a whole. (4) The geographical influence in the case of employment fluctuation is of slight importance compared with the industrial influence. (5) Although large establishments may be considered representative, care should be taken in the composition of

an index to avoid excessively large establishments in cases where they alone control the index as a whole, or significant portions of it."

KELLER, DR. *Die preussische Volkszählung am 8. Oktober 1919*. Zeitschr. des Preuss. Stat. Landesamts, 3 Abt., 61 Jahrg., 1922. Pp. 24.

KING, W. I. *The net volume of saving in the United States*. Part II. Jour. Am. Stat. Assoc., Dec., 1922. Pp. 15. A continuation of Dr. King's interesting study. "The purpose of this section is not to measure the absolute volume of savings in the country, but merely to obtain an index representing the relative changes from year to year in the total volume of the savings of the American people."

MILLS, C. M. *Present adjustment and trend of wages*. Iron Age, Jan., 1923. Pp. 4. Analysis of railroad, manufacturing and coal-mining wages, cost of living and wholesale prices—wage trends ever upward.

OSBURN, W. F. *The fluctuations of business as social forces*. Jour. Social Forces, Jan., 1923. Pp. 6. A review of the more typical social facts in their relation to the business cycle. Concludes that "fluctuations in the state of business affect, in most cases strongly, business failures, wages, unemployment, destitution, immigration, strikes, marriages, divorce, births, suicide, income, liquor consumption, religious activities, and liberal labor policies."

PAVLOVSKY, G. A. *Notes on index numbers of prices*. Russian Econ., Jan.-Apr., 1922.

PRESCOTT, R. B. *Law of growth in forecasting demand*. Jour. Am. Stat. Assoc., Dec., 1922. Pp. 9. Derives a law of growth "fundamental to all industries that are either directly or indirectly functions of population. . . ." and tests out this law by reference primarily to the automotive industry as a basis for forecasting probable demand.

SCHOENE, W. *Der Begriff der Statistik*. Deutsches Stat. Zentralblatt, Apr.-June, 1922.

SIMON, DR. *Die Entwicklung der Heiratsziffer in Preussen seit 1875*. Zeitschr. des Preuss. Stat. Landesamts, 3 Abt., 61. Jahrg., 1922. Pp. 18.

VANCE, R. *Business statistics as a basis for business planning*. Administration, Oct., 1922. Pp. 6. A general but helpful discussion.

— *The possibility of business forecasting—correlation*. Administration, Nov., 1922. Pp. 7. Concludes that "there are very serious difficulties in the way of making any forecast of business conditions from a statistical basis, and such difficulties make 100 per cent accurate forecasting an absolute impossibility. On the other hand, when these difficulties are intelligently recognized, it is possible through correlation to make the statistical basis a tremendous aid to human judgment in such foresight of coming economic consequences as will permit provision against them."

VINER, S. S. and HOVERSTOCK, G. "Who's who" among American women. Sci. Mo., Nov., 1922. Pp. 5. Based upon data for 1582 women concerning whom biographical data are given in *Who's Who in America* for 1920-1921.

WORKING, H. *The determination of secular trend reconsidered*. Jour. Am. Stat. Assoc., Dec., 1922. Pp. 5. Concludes as follows: "A straight line fitted by the method of least squares to a time series having an approximately linear trend gives a fit which is almost equally satisfactory whether actual deviations be considered of percentage deviations from the corresponding ordinates of secular trend. Professor Crum's criticism of the usual method is theoretically valid, but of little significance."

Vorläufige Ergebnisse der Viehzählung am 1. Dezember 1921. Zeitschr. des Preussischen Stat. Landesamts, 3 Abt., 61 Jahrg., 1922. Pp. 23.

DOCUMENTS, REPORTS AND LEGISLATION

Industries and Commerce

From the United States Tariff Commission have been received:

Comparisons of Tariff Acts (Washington, 1922, pp. 379). This compares by paragraphs the acts of 1909, 1913, and 1922.

Preferential Transportation Rates and Their Relation to Import and Export Traffic of the United States (1922, pp. 315). Among the topics discussed are export and import freight-rate policies of foreign countries, ocean freight-rate control by foreign governments, rates and the equalization of ports, and the history of export and import rates.

Tariff Information Series, No. 30, *Cattle and Beef in the United States: the Tariff Problems Involved* (pp. 125). The report considers the changes that have occurred in the industry since the United States ceased to export cattle and beef. It discusses the cost of production, the beef-slaughtering and meat-packing industry, and the export and import trade of the United States.

Tariff Information Surveys on the articles in paragraph 167 of the Tariff act of 1913 related to the *Electrical Industry* (pp. 89).

Tariff Act of 1922 with Index has been issued as H. D. No. 393 (67th Cong., 2 Sess., pp. 198).

The Federal Trade Commission has published:

Preliminary Report on Investment and Profit in Soft-Coal Mining (Washington, 1922, pp. 222). Part I contains the *Summary and Conclusions as of date May 31, 1922*; and part II, *Explanatory and Statistical Material*.

Report of the Federal Trade Commission on Methods and Operations of Grain Exporters. Vol. I, *Interrelations and Profits* (May 16, 1922). This covers origin and scope of the inquiry, production and exports, European government control, and export business and methods of foreign buyers.

The Tenth Annual Report of the Secretary of Commerce (Washington, 1922, pp. 229) is evidence of the expanded work of the department.

The Department of Commerce has published:

In the Special Agents Series, No. 214, *Jewelry and Silverware in Argentina, Uruguay and Brazil*, by S. W. Rosenthal (Washington, 1922, pp. 114, with illustrations).

In the Miscellaneous Series, No. 111, *Foreign Bunkering Stations*, by H. C. Hawkins (1922, pp. 80).

Among the recent publications of the Department of Agriculture are:

A Graphic Summary of American Agriculture, Based largely on the Census of 1920, by O. E. Baker, originally published in the *Yearbook* of the Department, 1921.

Bull. No. 1095, *Producers' Coöperative Milk-Distributing Plants* (Washington, 1922, pp. 44).

Bull. No. 1106, *Legal Phase of Coöperative Associations*, by L. S. Hulbert (October 23, 1922, pp. 74).

Farmers' Bull. No. 1271, *Farm Lands Available for Settlement* (pp. 51).

Farmers' Bull. No. 1272, *Renting Dairy Farms* (pp. 24).

The *Report of the National Agricultural Conference, held January 23-27, 1922*, has been printed as H. D. 195 (67th Cong., 2d Sess., pp. 210). This contains a number of carefully prepared articles and reports of committees on costs and prices in different sections of the country.

The Hearings before the Committee on Banking and Currency held in 1921 on *Farm Organizations* have been printed. This represents a plan to have the government directly finance the export of farm staples (Washington, 1922, pp. 344).

The Hearings before the Senate Committee on Agriculture and Forestry on *Stabilizing the Prices of Certain Agricultural Products* have also appeared. These were held early in 1922 (pp. 398).

Second Annual Report of the Federal Power Commission for the Year Ended June 30, 1922, gives a review of the work of this Commission during the two years of its operation (Washington, pp. 316).

Corporations

The testimony of William Jett Lauck on *Railroad Revenues and Expenses* before the Senate Committee on Interstate Commerce has been reprinted as a separate (Washington, 1923, pp. 2207-2307).

The Presidents' Conference Committee has published the Hearings held before the Interstate Commerce Commission, November 1-3, 1922, in regard to the valuation of the property of different railroads (Philadelphia, 737 Commercial Trust Bldg., pp. 178).

Thirty-sixth Annual Report of the Interstate Commerce Commission, December 1, 1922 (Washington, pp. 239) has been published.

Among the state reports dealing with corporations are the following:

Twenty-fifth Annual Report of the Railroad Commission of the State of Florida, for the Year Ending February 28, 1922 (Tallahassee, 1922, pp. 303).

Ninth Annual Report of the Public Utilities Commission of the State of Idaho, from July 1, 1921, to June 30, 1922 (Boise, 1922, pp. 235).

Financial and Miscellaneous Statistics Compiled from the Annual Reports Made by Public Utilities to the Board of Public Utility Commissioners of New Jersey for the Year 1919 (Trenton, 1922, pp. 127).

Twelfth Annual Report of the Board of Public Utility Commissioners for the State of New Jersey, 1921 (Trenton, pp. 117).

Reports of the Board of Public Utility Commissioners of New Jersey. Vol. IX, March 31, 1921, to March 3, 1922 (Trenton, 1922, pp. 517).

Tenth Annual Report of the Public Utilities Commission of the State of Rhode Island, 1921 (Providence, 1922, pp. 156).

Corporation Service Company, of Wilmington, Delaware, has printed a pamphlet on *Stock without Par Value under the Delaware Corporation Law, 1922* (pp. 16).

Labor

The federal Bureau of Labor Statistics has issued the following bulletins:

- No. 302, *Union Scale of Wages and Hours of Labor, May 15, 1921* (Washington, Aug., 1922, pp. 219).
- No. 308, *Labor Legislation of 1921* (July, 1922, pp. 328).
- No. 309, *Decisions of Courts and Opinions Affecting Labor, 1921*.
- No. 319, *Organization and Activities of United States Bureau of Labor Statistics*.

The Women's Bureau of the United States Department of Labor has issued:

- No. 23, *The Family Status of Breadwinning Women: a Study of Material in the Census Schedules of a Selected Locality* (Washington, 1922, pp. 43).
- No. 24, *Women in Maryland Industries: a Study of Hours and Working Conditions* (1922, pp. 96).
- No. 27, *The Occupational Progress of Women: an Interpretation of Census Statistics of Women in Gainful Occupations* (1922, pp. 37).

The Bureau of Information of the Southeastern Railways has compiled a convenient *Index-Digest of Decisions of United States Railroad Labor Board to May 1, 1922*. This includes Nos. 1 to 949, inclusive (Washington, Railway Accounting Officers Association, 1116 Woodward Bldg., pp. 327). Copies may be obtained at 50c. each; in quantities of 100 or more, 25c. each.

The Washington Law Reporter, in its issue of November 17, 1922, prints the decision of the Court of Appeals of the District of Columbia on the *Minimum Wage Law*, which came before that court.

The REVIEW has received the following annual reports:

Fourth Annual Report of the Department of Labor of Illinois, 1920-1921 (Springfield, 1922, pp. 126).

Third Annual Report of the Industrial Commission of Virginia, 1921 (Richmond, 1922, pp. 39).

General Report of the Minister of Public Works and Labor of the Province of Quebec for the Year Ending 30th June, 1922 (Quebec, 1922, pp. 170).

The Department of Labor of New York in a Special Bulletin for January 28, 1923, has made a statistical study of *Children's Work Accidents* (Albany, pp. 42).

Money, Prices, Credit, and Banking

The Annual Report of the Director of the Mint, 1922, Including a Report on the Production of the Precious Metals in 1921 (Washington, 1922, pp. 229) has been received.

Statement of the Operations of the Postal Savings System has been issued by the Postmaster General (Washington, 1923, pp. 50).

The Chamber of Commerce of the United States of America has printed in August, 1922, *Referendum No. 39, of the Committee on Par Remittances for Checks*. This contains the committee's report and argument in the negative (Washington, pp. 14).

The following state reports have been received:

Seventeenth Annual Report of the Bureau of Banking of the State of Idaho, 1921 (Boise, pp. 75).

Twenty-third Annual Report of the Kansas Building and Loan Associations, 1921 (Topeka, Kansas Bank Commissioner, 1922, pp. 127).

Fourteenth Report of the State Banking Department of Louisiana for the Years 1920-1921 (Shreveport, 1922, pp. 138).

Annual Report of the Commissioner of Banks of Massachusetts for 1921. Part I, *Savings Banks, Institutions for Savings, Trust Companies and Foreign Banking Corporations*; Part II, *Coöperative Banks, Savings and Loan Associations, Credit Unions and Others than Banks* (Boston, Dept. of Banking and Insurance, 1922, pp. 706; 522).

Public Finance

The United States Internal Revenue has issued *Statistics of Income from the Returns of Net Income for 1920, Including Statistics from Capital Stock Tax Returns, 1922, and Federal Estate Tax Returns, 1916-1921* (Washington, 1922, pp. 113).

The Committee on Taxation of the Boston Chamber of Commerce has made a useful study of the *Massachusetts Tax Laws*, showing the sources of the public revenues and the disposition made of these revenues (Boston 1922, pp. 8).

Professor F. H. Swift and Francis Kelley del Plaine have prepared a pamphlet on *Public School Finance in Minnesota*, being a summary of a report prepared for the Minnesota Education Association Committee on School Tax and Sources of School Support (Minneapolis, October, 1922, pp. 59). The complete report on public school finance in Minnesota will shortly be printed by the University of Minnesota.

The Department of Finance of Nebraska has made an analysis of 1921 taxes in Nebraska, illustrated by charts and detailed tables, and showing the distribution of the tax dollar by counties and school districts. By this means one community is able to compare its taxes with those of another.

Governor Trinkle, of Virginia, at the Governor's Conference held at White Sulphur Springs, December 14-16, 1922, delivered an address on the *Distinctive Features of the Virginia Budget System* (Richmond, pp. 16).

The following annual reports dealing with finance have been received:

Annual Report of the Secretary of the Treasury on the State of the Finances for 1922 (Washington, Gov. Prtg. Office, 1922, pp. 552).

Annual Report of the Commissioner of Internal Revenue for the Fiscal Year Ended June 30, 1922, (Washington, Gov. Prtg. Office, 1922, pp. 219).

Report of State Board of Tax Commissioners of Indiana to the Seventy-third General Assembly, 1922 (Indianapolis, 1922, pp. 19).

Twelfth Report of the Board of State Tax Commissioners and State Board of Assessors of Michigan, 1921-1922 (Lansing, 1922, pp. 90).

Annual Report of the New York State Tax Commission, 1921 (Albany 1922, pp. 440).

Annual Report of the Tax Commission of the State of South Dakota, 1921-1922 (Pierre, 1922, pp. 120).

Biennial Report of the Commissioner of Taxes of the State of Vermont for the Term Ending June 30, 1922 (Montpelier, 1922, pp. 151).

Insurance and Workmen's Compensation

The Industrial Commission of Virginia, in coöperation with the Department of Public Instruction, has prepared a small bulletin on the *Virginia Workmen's Compensation Law*, made up of questions and answers, for use in the public schools of Virginia (Richmond, pp. 8).

NOTES

The following names have been added to the membership of the **AMERICAN ECONOMIC ASSOCIATION** since the first of November:

Achinstein, A., 861 Eastern Parkway, Brooklyn, N. Y.
 Adams, A. B., University of Oklahoma, Norman, Okla.
 Aida, I., Room 1640, Woolworth Bldg., New York City.
 Allen, E. J., 527 West 121st St., New York City.
 Allen, H. H., 6226 Kimbark Ave., Chicago, Ill.
 Appleby, T. W., Ohio National Life Ins. Co., Cincinnati, Ohio.
 Ash, I. E., Ohio University, Athens, Ohio.
 Ashley, C. A., Queen's University, Kingston, Ont., Can.
 Atkinson, C. R., Marquette University, Milwaukee, Wis.
 Augustine, W. F., Merchants National Bank, Richmond, Va.
 Barlow, A. J., University of Virginia, University, Va.
 Bartley, J. C., Villanova College, Villanova, Pa.
 Bell, J. C., 337 N. Broadway, Yonkers, N. Y.
 Bond, J. H., 1509 University Ave., Grand Forks, N. Dak.
 Borden, W., State Normal School, Platteville, Wis.
 Bradford, F. A., 509 E. Washington St., Ann Arbor, Mich.
 Brown, A. G., First National Bank, Greencastle, Ind.
 Cahn, R. D., 5140 Ingleside Ave., Chicago, Ill.
 Calhoun, C. P., 20 Vesey St., New York City.
 Carrothers, W. A., Univ. of Saskatchewan, Saskatoon, Saskatchewan, Can.
 Castillejo, I. J., 54 Graduate College, Princeton, N. J.
 Chanter, W. G., 13 Fisk Hall, Middletown, Conn.
 Chin-Ho, Chu, 505 West 124th St., New York City.
 Clark, H. F., 403 Sterling Hall, Madison, Wis.
 Clark, W. C., Queen's University, Kingston, Ont., Can.
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AN IMPORTANT COPYRIGHT BILL.—There is a notable copyright measure now before Congress (H. R. 11,476 and S. 4101)—notable alike for its promise and its threat. It promises admission of the United States to the International Copyright Union. It threatens to outlaw the direct importation of current British books.

The United States is barred from the Union, because Congress has never recognized its fundamental tenet: viz., that copyright secured in any Union country shall have validity in all the rest. In deference to the printers and allied trades, our law denies copyright to a book in English unless it has been made here. In consequence, an American book also must be printed twice to get legal protection on both sides of the water. The bill repeals this manufacturing clause. Had its sponsor stopped there, all would be well.

But certain publishers entered protest and finally secured the addition of a proviso at the end of Sec. 6 (a), which had the instant effect of alienating that long list of national organizations in education, art, science, and scholarship, which stood together in the matter of the tariff. This proviso says in effect that, when an American engages to handle an English book here, and records this fact in the Copyright Office, it shall be deemed an infringement, *i. e.*, a penal offense, to import such work through anyone else. A cursory reading of the section might leave the impression that the production of an American print was necessary to the establishment of this monopoly of a British work in the hands of the American agent. But since the bill repeals the requirement to print in the United States as a condition of copyright, the so-called American and foreign editions may be

of common origin, with difference in title leaf only. In other words, a publisher or jobber here could by the mere shifting of a title page gain the exclusive control of a British publication, and fix his price at pleasure. One large house even now lists its 4000 imported English titles at an average of over thirty-eight cents a shilling. What might happen with competition quenched may be left to conjecture. It would be costly business for the public in any case, whether unwarily it fell into infraction, or each time first inquired in Washington for the American lessee and then paid his price.

This is prostitution of copyright. Its purpose, as defined in the Constitution, is "to promote the progress of science and the useful arts" among the people, *i. e.*, public education. The means chosen is the encouragement of authors by a grant of monopoly for a limited term. But to safeguard an author against piracy is one thing; to sanction that guard's turning upon the public is another. This bill does both.

It now lies before the two Committees on Patents, of which Senator Hiram W. Johnson and Hon. Florian Lampert are respective chairmen.

M. L. RANEY.

The Johns Hopkins University.

The Institute of Economics, of which mention was made in the last number of the *AMERICAN ECONOMIC REVIEW*, has recently been presented with a permanent home. This building, the gift of Robert S. Brookings, is located at 26 Jackson Place, Washington, D. C. At present the Institute occupies the two upper floors, in which are located the executive offices and the offices of the members of the staff, and the basement, which is used as the library and general assembly room.

A condition of the deed of gift was the same as that which was stipulated by the Carnegie Corporation of New York in committing to the Trustees of the Institute the administration of the endowment, over which the Corporation will have no control, namely, "The Institute shall be conducted with the sole object of ascertaining the facts and of interpreting these facts for the people of the United States without regard to the special interest of any group in the body politic, either political, social, or economic."

A feature of the Institute's work is the bi-weekly meeting of the Institute seminar or club organized for the purpose of general discussion of the problems to which the Institute is giving attention. The discussion is led either by some member of the Institute staff or by some other person having expert information. The meetings are attended by all the members of the staff and by other persons interested in the subjects under discussion.

The full staff as at present constituted is as follows:

Harold G. Moulton, Ph. D., Director. Formerly: Professor of Political Economy, University of Chicago.

Florence A. Armstrong, A. M. Formerly: Research Assistant in European Affairs, Department of State.

Charles H. Chase, A. B. Formerly: Chief Economist, U. S. Council of National Defense; Dep. of Economics, Pennsylvania State College.

Horace B. Drury, Ph. D. Formerly: Director of Investigation of Twelve-Hour Shift in American Industry for Federated American Engineering Soc.; Dept. of Economics, Ohio State University.

- Lynn R. Edminster, A. B.* Formerly: Special Expert, U. S. Tariff Commission; Dep. of Political Science, Kansas State Normal University.
- Ralph F. Fuchs, LL. B.* Washington University.
- Roland Hugins, A. B.* Formerly: Investigator, U. S. Bureau of Efficiency; Dep. of Economics, Cornell University.
- Evelina P. Kean.* Formerly: Special Expert, U. S. Tariff Commission.
- Karoline Klager, B. L.* Librarian. Formerly: Library of Congress and Bureau of Labor Statistics.
- Cleona Lewis, M. A.* Formerly: Assistant Statistician, American Section, Allied Maritime Transport Council, London; School of Commerce and Administration, University of Chicago.
- Isador Lubin, A. M.* Formerly: Special Expert, War Industries Board; Dep. of Economics, University of Michigan.
- Constantine E. McGuire, Ph. D.* Formerly: Assistant Secretary, Inter-American High Commission.
- Edwin G. Nourse, Ph. D.* Formerly: Chief, Agricultural Economics and Farm Management Section, Agricultural Experiment Station, Iowa State College.
- Thomas Walker Page, Ph. D.* Executive Committee, American Economic Association. Formerly: Chairman, U. S. Tariff Commission; Dep. of Economics, University of Virginia.
- Henry Schultz, A. B.* Formerly: Investigator, U. S. Bureau of Efficiency.
- Mark A. Smith, M. A.* Formerly: Special Expert, U. S. Tariff Commission; Dep. of Economics, University of Kansas.
- Arthur E. Suffern, Ph. D.* Formerly: Special Investigator, U. S. Industrial Relations Commission; Dep. of Economics, Columbia University.
- George M. Weber, A. B.* Formerly: Special Expert, U. S. Tariff Commission; Foreign Exchange Dep., National City Bank, New York City.
- George Weiss, M. B. A.* Formerly: Institute for Government Research.
- Helen Russell Wright, Ph. D.* Formerly: Dep. of Social Investigations, Chicago School of Civics and Philanthropy.
- Philip G. Wright, A. M.* Formerly: Special Expert, U. S. Tariff Commission; Dep. of Economics, Harvard University.

In the report of the Carnegie Corporation of New York, 1922, is an account of the contribution made by the Carnegie Corporation to the Food Research Institute which has been established in coöperation with the trustees of Leland Stanford University. The trustees of the Institute are devoting their attention for the next two or three years to the intensive study of a special commodity, namely, wheat. A number of investigations have been started dealing with the part which wheat plays in the economy of the world. Other subjects under study are: The methods of crop ascertaining and reporting; The relation of wheat grades to the utilization of the grain in milling and baking; The cost of raising and marketing wheat; Relations of wheat flour preparations to the national dietary and to the standard of living; The flow of wheat in the commerce of the world (pp. 38-41).

On pages 31-38 of this report is also given a statement of the relations of the Carnegie Corporation to the establishment of the Institute of Economics which was referred to in the preceding note.

The National Monetary Association, whose especial object shall be to safeguard the purchasing power of money, has been formed from the reorganized Stable Money League, with Professor John R. Commons, of Wisconsin, as President, and H. A. Wallace, Des Moines, Iowa, and W. F. Gephart, Vice-President of the First National Bank, St. Louis, Missouri, as Vice-Presidents.

The list of honorary Vice-Presidents includes: Jeremiah W. Jenks; Sydney Anderson, Congressman, Minnesota; Arthur T. Hadley, President

Emeritus, Yale University; Frederick H. Goff, President Cleveland Trust Company; John B. Larnier, President, Washington Loan & Trust Co.; Thomas R. Marshall, Indianapolis, Indiana; Wallace D. Simmons, St. Louis, Missouri; William A. White, St. Elizabeth's Hospital, Washington, D. C.; George H. Woodruff, Los Angeles, Calif.; Thornton Cooke, President, Columbia National Bank, Kansas City; John P. Frey, Editor, Moulders' Journal, Cincinnati.

The Executive Committee consists of: Waddill Catchings, Chairman, New York; Irving Fisher, Yale University; Harry W. Laidler; M. C. Rorty, American Telephone & Telegraph Co., New York; H. A. E. Chandler, National Bank of Commerce, New York; H. M. Waite, Lord Drydock Corp., New York.

In addition thereto a Research Council has been appointed, consisting of: W. T. Foster, Director, Pollak Foundation for Economic Research; David Friday, President, Michigan Agricultural College; E. W. Kemmerer, Princeton University; Wesley C. Mitchell, Director, National Bureau of Economic Research; Warren M. Persons, Harvard University; John E. Rovensky, Vice-President, National Bank of Commerce; Carl Snyder, Federal Reserve Bank, New York; H. Parker Willis, Columbia University; Allyn A. Young, Harvard University.

The object of this Committee is to organize a concerted research into the problem of stabilization, and to report upon all plans which have been offered to attain this end. By resolution, all questions of policy of the Association are to be referred to this Committee for examination and report, before taking final action. A resolution was also passed expressing the view that the first and greatest step that could be taken at the present time towards stabilization is the restoration of the gold standard of international exchange, and the safeguarding of sound credit and banking conditions in the United States. The Secretary of the Association is Mr. J. C. Winant, of Concord, N. H., and the Executive Secretary is Mr. John Price Jones, whose address is 150 Nassau Street, New York. Everyone who is interested in the object of this Association is cordially invited to communicate with the Secretary, to the end of forming branch organizations throughout the United States.

In order that students may be encouraged and aided in availing themselves of opportunities of research at Washington in the fields of history, political science, economics and statistics, and international law and diplomacy, a voluntary association of some thirty scholars in Washington occupied with those studies has instituted the University Center for Research in Washington, organized in a self-governed body styled "The Board of Research Advisers." The director of the American Council on Education has served as its secretary, and maintained for it a place of registration for students. Its committee of management has consisted during the past year of Dr. Leo S. Rowe, director general of the Pan American Union (President of the Board of Research Advisers); Dr. Samuel P. Capen, director hitherto of the American Council on Education; Dr. J. Franklin Jameson, director of the department of historical research in the Carnegie Institution

of Washington; Dr. Vernon Kellogg, executive secretary of the National Research Council; and Mr. William F. Willoughby, director of the Institute for Government Research. The members of the division of economics are Messrs. Winthrop M. Daniels, E. Dana Durand, Balthasar H. Meyer, Adolph C. Miller, Thomas W. Page, Ethelbert Stewart, Henry C. Taylor, and Francis Walker, chairman.

This board wishes to be helpful to students going to Washington for research, and the machinery of the Center makes it possible to bring each student into connection with the persons in Washington who will be most useful to him, to direct him to the materials he will need, to give helpful supervision to his investigations, and to report upon his progress to the university professors or authorities from whom he is accredited.

The members of the Board of Research Advisers are very desirous that its proposals, intentions, and means of help may be extensively known in the appropriate academic circles.

At the annual meeting of the American Statistical Association, held in Chicago, December 27-29, 1922, Professor Warren M. Persons was elected president.

The Hart Schaffner & Marx Company, of Chicago, offers for 1923 four prizes for the best studies in the economic field. Detailed information in regard to conditions and topics may be obtained from Professor J. Laurence Laughlin, University of Chicago.

The Hart Schaffner & Marx prizes for the contest of 1922 were awarded as follows: Class A—(1) \$1000, Norman J. Ware, professor of applied sociology, University of Louisville, Ky., for a study entitled "A Defensive Revolt—the Reaction of American Industrial Society toward the Advance of the Industrial Revolution"; (2) \$500, Owen Ely, manager of statistical department, Jelke, Hood & Co., New York City, for a study entitled "Railway Rates and Cost of Service"; (3) honorable mention, J. Warren Stehman, assistant professor in economics, University of Minnesota, for a study entitled "The Financial History of the American Telephone and Telegraph Company." No essays in Class B were thought worthy of a prize.

The Food Research Institute of Stanford University offers for the college year of 1923-1924 three fellowships in food research, with stipends ranging from \$600 to \$1200. The holders of these fellowships will be expected to devote at least one half of their time to research under the direction of the Institute, and the rest to study in related departments of the University. Appointments will be made from among candidates holding a degree of A. B., B. S., or an equivalent, who have had one or more years or graduate work in a university of high standing. Candidates should make application not later than March 15 to the Executive Secretary, Food Research Institute, Stanford University, California, from whom also additional information may be obtained.

The J. Walter Thompson Company, of New York City, announces a prize competition on the subject "A Statistical Index of the Purchasing

Power of Consumers in the United States." The prizes to be offered are (1) \$1500, (2) \$800, (3) \$500. Manuscripts must be submitted by September 30, 1923. The judges of the contest will be as follows: Robert E. Chaddock, Henry S. Dennison, A. Lincoln Filene, Stanley Resor, and Allyn A. Young. Details with regard to the conditions may be had upon application to the J. Walter Thompson Company, New York City.

Alvan T. Simonds, president of the Simonds Saw Company, Fitchburg, offers two prizes (\$1000 and \$500), open to pupils of high or normal schools of the United States and Canada, for the best essays on the subject, "The Lack of Economic Intelligence and Some of the Injuries It has Caused to Individual and General Welfare in the United States since 1860." The contest closes April 30, 1923. Details with regard to the contest may be had by writing to the Simonds Economic Contest, Simonds Saw Co., Fitchburg, Mass.

The American Institute of Accountants Foundation (135 Cedar Street, New York City) offers prizes for the best papers on the subject, "The Principles which should Govern the Determination of Capital and the Amounts Available for Distribution of Dividends in the Case of Corporations, with Special Reference to the System of Capital Stocks without a Par Value." The first prize will be from \$1000 to \$2500, at the discretion of the jurors, and the other prizes from \$250 to \$750. The jurors will be Julius H. Barnes, Wesley C. Mitchel, Albert Rathbone, Frederick Strauss, and George O. May. The Institute will publish the winning paper. Papers must be submitted not later than October 1, 1923. Further information may be obtained from A. P. Richardson, secretary of the Foundation.

Professor Edward W. Kemmerer, of Princeton University, has been asked by the government of Columbia to serve as chairman of a board of experts to assist Colombia in an advisory way in reorganizing its financial system. Professor Fred R. Fairchild, of Yale University, will also serve on this commission.

The *American Historical Review*, issue of January, 1923, notes that the Connecticut Historical Society has recently received as a gift "a valuable collection of colonial, Continental, and state bills comprising about 1800 specimens, representing all of the Old Thirteen, a collection of more than 200 bills and bonds issued by the Confederate states, more than 100 miscellaneous bills issued by various states and corporations, a number of early printed broadsides relating to money, prices, and financial matters in Revolutionary times, and letters and documents concerning the issue and redemption of bills and financial matters in general."

The Librarian of Congress, in his *Annual Report for 1922*, refers to the gift of papers by Mr. and Mrs. William Cabell Bruce, relating to the economic history of a Virginia plantation for 81 years, from 1798-1879. These papers are the plantation accounts of Charles Bruce of Staunton Hill, Charlotte County, Virginia, comprising over 500 pieces.

The University of Idaho announces the creation of a business curriculum, beginning with the academic year 1923-1924. Professor H. C. Dale, head

of the department of economics, has been named director of the business curriculum.

The National Foreign Trade Council has instituted a permanent trade adviser service to act as a medium for the interchange of experience on foreign trade problems. This service will be located in India House, New York City.

The students and faculty of the School of Commerce and Business Administration of the University of Chicago, in coöperation with the Schools of Business of the Universities of Illinois, Indiana, Minnesota, Nebraska, Ohio State, and Wisconsin, have established the *University Journal of Business*, to appear quarterly, subscription rate \$3 a year (Box 10, Faculty Exchange, University of Chicago). In the first number are articles on "A case of of genuine self-government," by Paul H. Douglas; "The combination of savings deposits and life insurance," by V. D. Johnston; "Dumping and competition in international trade," by Jacob Viner; "Output of workers under a particular wage-incentive," by Harry D. Kitson; "The British foreign commercial service," by Samuel MacClintock; "The employees' publication," by Elinor G. Hayes; and "Marketing the Stephens brake shoe," by N. W. Barnes and L. S. Lyon.

Note should previously have been made of the establishment of the *Revue des Etudes Coopératives* (102 Avenue du Roule, Neuilly). This journal appears quarterly. Among the editors are Professors Gide, Rist, and Lavergne. Annual subscription, 20 fr.

The *Chilean Review*, "a social, economic, and commercial survey of the Republic of Chile," is published by the Chilean Consulate (2 York Gate, London, N. W. 1).

In the first issue, of January 10, 1923, of *Il Giornale Economica* (Rome, Via del Tritone, 87) is an article by Professor Pareto.

The first number of the *Jewish Center*, published quarterly by the Jewish Welfare Board, (352 Fourth Avenue, New York City) appeared in January, 1923.

There has also been received the first issue of the *Lucknow University Journal*, September, 1922. In this are articles on "Economic reconstruction," by B. B. Mukherjee, and "Conflicting ideals of economic life in India," by H. L. Dey (Lucknow University, Lucknow, India).

In the December issue of the *Journal of the American Statistical Association* is a description of a proposal for a standard series of statistical reference books (pp. 522-525).

An economic service for business firms has been established by the London School of Economics in conjunction with the economics department of Cambridge University. It is being worked in coöperation with Harvard University. A monthly bulletin will be issued (Houghton Street, Aldwych, London, W. C. 2).

The *Industrial Digest* (25 West 45th St., New York City) has been taken over by the Bankers Economic Service, Inc., and is now being published

monthly instead of fortnightly in more extended form, as a record of business conditions. It contains reviews of the current situation in 25 industries and departments of business; a department called "The trend at a glance" illustrated with colored charts, which reviews fundamental economic conditions; a chronological record of events of importance to business men; descriptions of business conditions in foreign countries; and feature articles. Subscription rate, \$5.

Special Libraries for January, 1923, contains a list of "Business Dictionaries and Glossaries" serviceable for a business library. This was prepared jointly by the business branch of the Newark Public Library and George A. Deveneau.

The Bankers' Magazine (London), for October, 1922, contains a brief biographical note and portrait of Professor H. S. Foxwell, of Cambridge University.

In the *Economic Journal* for September, 1922, is printed the address presented to Dr. Alfred Marshall on his eighteenth birthday (July 26, 1922) by the Royal Economic Society, and also Dr. Marshall's reply. The same number contains his portrait.

Among the recent books received and not previously noted are:

- L. T. Beman, compiler, *The Towner-Sterling bill* (Wilson).
- Fraser Brown, *Municipal bonds* (Prentice-Hall).
- John Calder, *Capital's duty to the wage-earner* (Longmans).
- William Castenholz, *Cost accounting procedure* (La Salle Extension Univ).
- Ira B. Cross, *Domestic and foreign exchange* (Macmillan).
- Hugh Dalton, *Principles of public finance* (Routledge).
- George W. Edwards, *Foreign commercial credits* (McGraw-Hill).
- H. Stanley Jevons, *Money, banking, and exchange in India* (Supt. Gov. Central Press, Simla, India).
- Julia E. Johnsen, compiler, *Kansas Court of Industrial Relations* (Wilson).
- T. P. Kane, *The romance and tragedy of banking* (Bankers Pub. Co.).
- Lamar Lyndon, *Rate-making for public utilities* (McGraw-Hill).
- Frank L. McVey, *Modern Industrialism* (Appleton).
- Morehouse and Graham, *American problems* (Ginn).
- Chesla C. Sherlock, *The modern farm coöperative movement* (Homestead Co.).
- Rexford G. Tugwell, *The economic basis of public interest* (George Banta Pub. Co.).
- E. E. Wakefield, Jr., *Massachusetts tax procedure* (G. A. Jackson, Law Book Seller, Boston).
- Yves-Guyot, *Les problèmes de la déflation* (Lib. Felix Alcan).
- The American labor year book, 1921-1922* (Rand School of Social Science).

Appointments and Resignations

Professor James Washington Bell, formerly assistant professor of economics at Williams College, has now gone to Northwestern University to fill the position of associate professor of money and banking.

Professor Alva H. Benton has accepted the position of head of the department of marketing and rural finance at North Dakota Agricultural College.

Dr. W. Bidwell, formerly assistant professor of economics at Yale University, has been appointed special expert in the Division of Agriculture of the United States Tariff Commission.

Professor James E. Boyle, of Cornell University, gave a series of lectures on marketing at the Utah College of Agriculture during January and February.

Professor Vanderveer Custis has accepted an appointment at Northwestern University for the current academic year, having been granted a leave of absence from the University of Washington for that purpose.

Mr. Harvey C. Daines has been appointed instructor in accounting in the School of Commerce and Administration of the University of Chicago.

Professor E. E. Day, formerly of the department of economics at Harvard University, assumed his duties early in February as chairman of the department of economics and director of the curricula in business administration at the University of Michigan.

Professor Earl V. Dye, formerly of New York University, is now assistant professor of economics and finance at Pennsylvania State College.

Mr. Lionel D. Edie has been appointed to a professorship in the economics and sociology department at Indiana University, and will enter upon his duties in September.

Mr. Elmer D. Fagan has been appointed assistant professor of economics in the University of Southern California. His services will begin in September, 1923.

Professor Frank A. Fetter, of Princeton University, is on leave of absence during the second term of the present academic year, spending part of the period in Washington, D. C.

Mr. C. G. Giffin has been appointed assistant professor of banking and business finance in the College of Commerce and Business Administration at Tulane University.

M. Henri Hauser, professor of economic history at the University of Paris, will serve as exchange professor at Harvard University during the second semester of the current year.

Mr. J. M. Herring has been appointed instructor in economics at Lafayette College.

Professor James G. Johnson, professor of economics in the School of Economics, University of Georgia, will teach a course in Latin-American history at the University of Michigan summer session this year.

Professor Victor H. Pelz, of the University of Wisconsin, Extension Division, has been appointed professor of marketing in the College of Commerce and Business Administration of Tulane University.

Mr. John Rigglesman, of the Harvard Business School, has been appointed assistant professor of commerce in the University of Southern California.

Professor Frank R. Rutter, who held the post of professor of foreign trade in the School of Business Administration in the University of Oregon during 1921-1922, was made professor of foreign commerce in the Amos Tuck School, Dartmouth College, last September.

Mr. J. W. Scott, formerly of the University of Arkansas, has accepted the position of associate in economics at the Michigan Agricultural College.

Mr. C. P. Spruill, Jr., has been appointed assistant professor of economics in the University of North Carolina.

Mr. R. S. Steiner has taken the position of assistant in economics at the Michigan Agricultural College.

Mr. J. C. Van Kirk, formerly with Arthur Andersen and Company, Chicago, has been appointed assistant professor of accounting in the College of Commerce and Business Administration of Tulane University.

Professor U. G. Weatherly, head of the economics and sociology department at Indiana University, is on leave of absence this semester to undertake research work in Washington, D. C., and to make a trip to the Windward Islands, accompanied by Professor Park of the University of Chicago, and Monroe N. Work of Tuskegee Institute, Alabama, for the purpose of studying social problems.

Professor Nathan A. Weston, of the University of Illinois, will give courses in money and banking and foreign exchange during the 1923 summer session of the University of Southern California.

Dr. Nathaniel R. Whitney, professor of finance, University of Cincinnati, is dividing his time between the university and the Proctor and Gamble Company, for whom he is serving as economist.

Mr. John S. Worley, of New York, has been appointed to the chair of transportation at the University of Michigan.

Professor Erich W. Zimmermann, formerly professor of commerce at James Millikin University, has been appointed associate professor of trade and transportation at the University of North Carolina.

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ECONOMIES AND PROFITS OF GOOD-WILL

As an economic factor the subject of good-will has recently become of great significance in the study of profits. Its evolution in the fields both of economics and of law has followed several distinct tendencies; its many peculiar forms are difficult of analysis; and its economic phases present important fields for investigation. It is true that consumers' good-will has received considerable attention from economists, jurists, business men and accountants, but divers conflicting conceptions of this subject have been ever present in their thought, and certainly in the writings of these four groups it has been discussed from strangely different angles. Failure to recognize the fundamental differences between these various concepts has caused much discussion at cross-purposes. Economists have viewed it almost entirely as a state of the consumer's mind and therefore as an economy external to the productive process. Indeed, it has often been described as the reputation or public esteem which an enterprise enjoys in the eyes of the public. Again, it has been explained as the habit or custom which leads men to purchase goods from a particular person or company. Obviously, so considered its active existence must lie solely in the minds and acts of consumers rather than in any productive process.

Jurists, on the other hand, are sadly at variance. They have treated it, for the most part, as an internal economy originating in or adhering to the factors of production, but in the second place as an external economy arising in the field of consumption. That is, it is interpreted either as an advantage of the productive process or as wholly an element of demand; and moreover by combining the two points of view it has often been defined as "every advantage which has been acquired in carrying on a business." Furthermore, it is to be observed that in many respects business men and accountants have followed closely the theories of legal tribunals, but taken as a whole they have so combined the views of jurists and economists that the tangled web of good-will concepts is constantly growing more complex. And finally, as both the legal and the economic theories of good-will have vitally influenced its valuation, it seems imperative that a strong protest be made against the capitalization of good-will as an internal advantage of an enterprise. This principle will be maintained by a

further analysis of its various forms, of its coveted economies, and of its relation to the vast surpluses of earned and unearned profits.

In this discussion the ideas concerning good-will may best be presented as they group themselves naturally in relation to the internal and external economies of an enterprise. It is readily apparent that, if active good-will originates in the mind, it must be expressed either through the conscious volition of the four economic agents engaged in production or through the acts of productive and final consumers. That is, its internal economies form a part of the technical process, while its external economies are traced to demand and the market. Moreover, whether the good-will of an individual constitutes an internal or an external economy here depends upon whether he is directly performing the functions and sacrifices of production in an enterprise, on the one side, or is merely related to it as seller or purchaser on the other. The chief purpose in thus separating good-will into its internal and external economies lies in contrasting its more important sources, economies, and profits; for clear analysis concerning the relations of good-will to the four economic agents, the consumer, and the residual surplus are of primary importance to the practical results of economic study.

In taking up first its internal economies, it will be seen that if at any time the good-will and services of the productive agents, wholly independent of any bargaining process, operate directly upon the technical working factors in an enterprise and ultimately result in creating a greater output per unit of real cost or expenditure, or the same output at less sacrifice, there is produced, at the time, a concrete advantage which, as an internal economy, relates only to real costs, physical factors, and the output. Consequently the services of such agents are for the time being important parts of the enterprises; and it is clear that by becoming more or less permanent, this good-will tends to preserve the activities of the economic process, to decrease risk losses, and to augment the creation of utilities and efficiency profits. For example, it is plain that the good-will of employed laborers is present while the men are at work, and as an internal efficiency economy of an enterprise exerts a continuous effect upon the process of production. There is, in fact, a labor theory of good-will which describes the latter as an internal factor of an enterprise. Though Professor Commons has not designated it as such, it is none the less patent that he has described this form of good-will in the following excerpt:

Good-will is productive, not in the sense that it is the scientific economizing of the individual's capacities, but because it enlists his whole soul and all his energies in the thing he is doing. It is that unknown factor pervading the business as a whole, which cannot be broken up and measured off in motions and parts of motions, for it is not science but personality. It is

the unity of a living being which dies when dissected. And it is not even the personality of a single individual, it is that still more evasive personality to which the responsive French give the name, *l'esprit de corps*, the spirit of brotherhood, the solidarity of free personalities. It is this corporate character of good-will that makes its value uncertain and problematical. A corporation is said to have no soul. But good-will is its soul.¹

In this interpretation the good-will of labor as an internal economy is merged in that of the corporation, and clearly becomes an integral part of the latter's composite good-will. But above all it tends to increase and render more permanent the productive capacity of an enterprise, and is therefore an economy of efficiency.

Again, in speaking of the consolidation of several enterprises, Veblen declares that:

A large proportion of the nominal collective capital resulting in such cases is made up of the capitalized good-will of the concerns merged. This good-will is chiefly a capitalization of the differential advantages possessed by the several concerns as competitors in business, and is for the most part of no use for other than competitive business ends. It has for the most part no aggregate industrial effect. The differential advantages possessed by business concerns as competitors disappear when the competitors are merged, in the degree in which they cease to compete with rival bidders for the same range of business. To this aggregate defunct good-will of the consolidated concerns (which in the nature of things can make only an imaginary aggregate) is added something in the way of an increment of good-will belonging to the new corporations as such.²

It is, of course, clear that any differential advantages of efficiency here, which serve to reduce costs and expenses, no longer render the public their full benefit in lower prices; for the mere combination of enterprises tends to stifle competition. But surely Veblen is in error at this point if he thinks that the differential advantages of efficiency are wholly an imaginary aggregate or cease to yield profits of efficiency. On the contrary, such profits are still a result of the internal economies of the respective enterprises which the existing consumers' good-will, amalgamated by the consolidation of competing units, has but made more secure. However, it is only fair to observe at this time that by placing such internal economies or advantages of efficiency wholly in good-will, this writer has merely followed the theory commonly held by jurists and accountants.

Veblen protests that the personal good-will of Mr. J. P. Morgan, as an extremely valuable and substantial asset of the United States Steel Corporation, and "the 'good-will' of Mr. Carnegie and his lieutenants, as well as of many other large business men connected with the steel industry, has also no doubt gone to swell the capitalization of the great corporation. But good-will on this higher level of business enterprise

¹Commons, *Industrial Goodwill*, pp. 19, 20.

²Veblen, *Theory of Business Enterprise*, pp. 126, 127.

has a certain character of inexhaustibility, so that its use and capitalization in one corporation need not, and indeed does not, hinder or diminish the extent to which it may be used and capitalized in any other corporation." In fact, by thus injecting different forms of good-will into the aggregate corporate good-will, Veblen has done for the intangible part of the business world what jurists and accountants have accomplished for the material, that is, amalgamated certain elements of efficiency (which produce earned profits by reducing real costs) with the wholly unlike forces which yield unearned gains by exploiting consumers' good-will. In a word, the personal good-will of Morgan, expressed in the form of sound judgment and initiative in the organization of technical processes, may have established internal economies of large-scale production and greatly increased efficiency profits. This function should not be confused with the confidence and esteem which he may have commanded in the business world; for, taking advantage of the latter, he could have foisted upon the public watered stock, restrained trade, and garnered monumental profits of exploitation. Obviously these two forms of gain are as far apart as the antipodes.

As a matter of analysis, this form of corporate good-will should be further separated into its internal economies of production. Another essential part, although Commons and Veblen have not taken notice of it, should be termed the entrepreneur's good-will, which, expressed in the form of better working conditions, may greatly augment the technical efficiency of an industry. Or again, in like manner both the capitalist and the landlord, through proper exercise of their services, may establish similar internal economies and actually enlarge the aggregate good-will pervading a corporate entity. Doubtless, they may conciliate employer and employee, alleviate bad working conditions, and secure the adoption of new methods of production. And in these instances, if rendered without compensation, such good-will usually operates directly upon the agents and factors of production. Solely as an internal economy, then, this phase of the corporate good-will is composed of many parts, and it is a mistake to attribute its existence wholly to the collective spirit or services of any particular group of agents serving the purpose of the corporation. It is primarily the good-will of producers engaged in furthering the interests of an employer. However, it may still be true, as a matter of fact and experience that the good-will of an enterprise, as an internal economy, should not augment its capitalized value.

Turning for a moment to the law, it is found that judges have included in consumers' good-will both internal and external economies of an industry, and no apparent attempt is made to distinguish its various forms. In one of the earliest theories, good-will is constantly associated with landed property, and it may bear a relation to the

price of the land or to the value of the right to use it.' In a restricted sense, good-will is said to be no more than the advantage of occupying certain premises and the opportunity of securing customers of the former firm.' Concomitant with this early principle went the idea that consumers' good-will is purely local in character and tends to pass with the land to the purchaser or to the lessee.⁵ In fact, it has been said to "adhere to, or to spring out of corporeal property, or a tangible locality, or establishment,"⁶ and obviously, if good-will is described as inseparable from the premises, as adhering to or as springing out of the property itself, and finally as an attracting force, it should consequently function as an internal economy of an enterprise.

The chief error here lies in the failure to separate in an industry the forces of efficiency as internal economies from patronage and custom. Forces of efficiency are internal economies arising from the coördination of land, capital, services, and materials of production, all of which are economic goods. Patronage is an external economy originating in the wants, desires and habits of consumers, all of which constitute important elements in demand. The courts have confused the primary causes of good-will—forces of efficiency and better services of products, which, of course, attract patronage and good-will—with the good-will itself. Clearly enough technical efficiency is an internal advantage, patronage an external economy of an enterprise; but, not unlike the opposite sides of the same shield, good-will has been discussed with considerable regularity in recent decisions as an internal economy of efficiency, on the one side, and as an external economy identical with patronage on the other. Yet in competition with the various theories thus presented, the ancient land concept as the all-important fundamental principle has not fallen from its secure position in the law.

As might be expected, the fundamental characteristics of good-will described in the writings of business men much resemble those laid down in the law. Excerpts have therefore been selected which serve to contrast the interpretations of good-will as both internal and external economies of an enterprise. In the first place, in the example selected of an insurance association, good-will is said to represent the sum sunk in advertisements and foundation expenses to establish the business and to render the name of the company familiar to the public.⁷ "It seems but reasonable that an association which has expended a portion of its capital in founding its business should account for a part

⁵Com. of I. R. vs. G. & S. W. Rail Co., 12 App. Cases 321; *Llewellyn vs. Rutherford*, L. R. vs. C. P. 456, 467.

⁶*Crutwell vs. Lye*, 17 Vesey Jr. 346.

⁷*Smith vs. Gibbs*, 44 Vt. 344; *Elliott's Appeal*, 62 Pa. St. 161; *Appeal of Musselman and Clarkson*, 62 Pa. St. 83.

⁸*Sheldon vs. Broughton*, 5 Blach. 291.

⁹*Walford's Insurance Encyclopedia*, vol. V, p. 465.

of such expenditures by 'good-will' on the asset side of the account."⁹ In this extract good-will is treated simply as an expenditure for advertising purposes. Clearly enough, as it is a cost of production it should, therefore, be considered as an important internal economy of the enterprise. Per contra, according to Kniffin, good-will is the much needed result of advertising, and would in harmony with our analysis be classed as an external economy. Good-will advertising has a cumulative effect. "It 'piles' up, as it were." And in another text he has stated more explicitly that "good-will is nothing more or less than the supposition that trade will follow an established course; that patrons will continue to trade at the old stand."¹⁰ But needless to say the examples are numerous in which such writers treat good-will in a single paragraph as both an internal and an external economy."

The stand has been taken here that internal economies of good-will should not be capitalized to increase the value of an enterprise. If they have given rise either to profits of efficiency or of exploitation they are already represented in the capitalized value of such earnings. From the preceding excerpts it is clear that business men, accountants, and judges often include internal advantages in the economies of good-will; and the legal definition is so important a factor in the distribution of wealth that it seems necessary to point out briefly the internal advantages of efficiency and exploitation which it would thus erroneously embrace: (1) From the legal point of view such profits would include both the gains of efficiency and of exploitation from the co-ordination of economic factors. Thus the raiser of a better breed of poultry, as an efficient competitor with other methods, would doubtless receive the former; while both rewards would finally go to the owner of a brace of game cocks should he pit them in a death struggle to appease the predatory and gambling instincts of men. (2) If the entrepreneur does not himself own the factors of production, but secures them without bargain or compensation, he will obtain profits of good-will

⁹*Ibid.*, vol. V, p. 200.

¹⁰Kniffin, *The Savings Bank*, p. 478.

¹¹Kniffin, *The Practical Work of a Bank*, p. 458.

¹²Thus it is first described by one author as an external economy: "A corporation's 'good-will' may consist in part of established trade and of the habits of people who desire to buy its products": and then the thought suddenly swerves from this point while the excerpt explains good-will as both an internal and an external economy; for "it may consist in part of having created an efficient, smoothly working internal organization; it may consist in part of having driven off all rivals and monopolized its field; it may consist in part of well-known trade-marks or of patents" (Lough, *Business Finance*, p. 195). This confusion of ideas is typical of modern books on business topics; and in the various statements of unlike economies may be traced divers popular concepts of good-will which are not to be classed as theories of courts or of economists, though the entire mass has spread dire confusion through the works of writers on finance, commerce, the tariff, and even littered more or less American dictionaries. So important is this fact, that the views of accountants will later be treated more in detail.

exploitation, though he puts such factors to a proper and customary use. In years gone by, the frontier settler exploited the good-will of his neighbors by inviting them to a "logging bee" or "barn raising." The entrepreneur not seldom secures an undue advantage through the use of his business associates and the tenant often exploits the good-will of his landlord by farming "on shares" or by obtaining seed and provisions which are never returned. Despite such questionable methods, this good-will, as an internal economy, operates directly in the sacrifice of factors of production to increase the efficiency and output of an enterprise. (3) Again, if the factors are not owned by the entrepreneur, he may receive good-will profits through their improper use, even though it is followed by the usual repair and compensation to the owners. During the recent war, certain employers relied upon the patriotism of their workmen to obtain services far in excess of the wages paid to them. Good-will bolstered by patriotism drove the laborers to give of their services beyond the compensation received, and as an internal economy permitted the entrepreneur to secure an unearned surplus. But in a similar manner any rented factor may be exploited without just compensation by the tacit consent of the owner. Clearly enough, the capitalization of good-will as an internal economy should be abandoned.

Turning now to the external economies of good-will, it seems evident that in the field of demand the good-will of consumers or of each of the four agents of production may be exercised entirely as an external economy in relation to a single enterprise. That is, each person may be viewed as a direct customer of it, driving a shrewd bargain and possessing no interest beyond the possible purchase or sale of services and goods. Thus the consumer offers to buy commodities, the landlord desires to sell the services of land, the capitalist the use of capital, and the workman the utilities of labor. But the good-will of such agents, or likewise of final consumers, becomes effective only when it leads to a transfer of ownership in goods or in technical and personal services, and price or value comes into consideration. It is, of course, centered primarily upon the exchange of economic goods, but not at the time upon their subsequent use in production. That is to say, it has not at this stage become a part of the collective good-will of men engaged in an enterprise and does not, therefore, as yet, assume the form of an internal economy, exhibit a particular interest in the concern, or influence directly the efficiency of the productive process. It is still a consumers', not a producers' good-will, and acts in the exchange of goods as an important element on the side of demand. Indeed, by directly affecting price it appears as an external economy upon which the very existence of an enterprise and the profits of efficiency may largely depend. Thus in relation to labor a pertinent

example may be selected from the work of Professor Commons, where perhaps unconsciously he has treated the good-will of labor as an external economy; for the laborer is there represented as a customer in a wage bargain.

The laborer is not only a productive machine, he is a customer. The employer is not only buying his time or his product, but is also selling to him a job where he can earn a living. The employer makes a certain investment on behalf of every customer and every employee. He furnishes something in exchange, and he not only wants that customer or worker to return, satisfied with his treatment, but also to spread the word and bring others. Good-will is good reputation, and reputation is the collective opinion of those whose patronage is desired. . . . But the good-will of labor is a collective good-will that does not play one laborer against another, or the unemployed against the employed, or take advantage of the needs of a class, but acknowledges labor's solidarity of interest as well as the individual laborer's self interest.¹²

Good-will in this paragraph is presumably that of laborers desiring work. As customers they offer their services for a certain wage or exchange value. It is an important external economy which, united and collective in its action, is closely related to the patronage of the laborer himself, but it is ever the array of individual patronage which collectively affects the wage bargain.

Indeed, the idea of a collective social good-will is described with marked clearness in the following extract:

But good-will is reciprocity. It is not government at all, but mutual concession. It yields as much to the prejudices and passions, to the conservatism and even suspicions of patrons as it does to scientific knowledge of what is good for them. Good-will is not necessarily a virtuous will, or a loving will, it is a beneficial reciprocity of wills, and whether there is really a benefit or really a reciprocity is a matter of opinion and mutual good feeling as much as a matter of science.¹³

However, just as truly it will later be pointed out that every member of an exchange offers patronage and has something to sell, consequently all other agents to production likewise possess good-will, offer something to sell, and in like manner become customers of the persons with whom exchanges are made. In short, among all four agents there are usually present mutual concessions, reciprocity, and finally the growth of confidence in business relations, all of which become highly important external economies in determining exchange values and in expediting business transactions. None the less, to the individual entrepreneur external economies of this sort are, in the last resort, but primary elements underlying patronage and demand—the very essence of the market. And it is worth while to observe that social or collective good-will of both productive and final consumers as an

¹²Commons, *Industrial Goodwill*, pp. 18, 19.

¹³*Ibid.*, p. 19.

external economy of a particular enterprise is by far the most important aspect of this subject. It is frequently described as a habit, custom, kindly feeling, inclination, public esteem, or attitude of mind on the part of customers, by virtue of which the demand for products will tend to continue and the values thereof be maintained. Clearly enough any definition of good-will as a particular content of the mind or mental process of the consumer, makes it wholly external to any technical process of production, and only through exact definition of its every phase may one trace its influence upon either the profits of efficiency or the unearned surplus.

But the exact nature of consumers' good-will is still a much mooted question. Is it the result of mere habit, or is it the result of intelligent demand? The first invites exploitation, the second challenges it. In discussing in his textbook the influence of habit and custom in the purchase of commodities, President Hadley says:

The success of advertising shows how little intelligence is habitually exercised in these matters. A man does not generally use his nominal freedom to buy what he wants until some one comes and tells him in stentorian tones what he wants to buy. The authority of custom and tradition can only be overcome by the authority of drums and trumpets. It is a mistake to draw too fine-spun deductions as to the motives which guide buyers in their choice, when three quarters of the buyers exercise no choice at all. It is not merely that people want things which hurt them, or which fail to do them the maximum good—a point well developed in the writings of Patten—but that they buy things without knowing whether they want them or not, through sheer *vis inertia*."

Certainly this writer has a much too strong opinion of the influence of habit and custom in the purchase of commodities. Indeed, people are too often thought of as mere masses to be led with fife and drum. Neither is the average American so enthralled by habit and custom that he does not respond to common sense advertising and appreciate an opportunity to secure a good bargain."

"Hadley, *Economics*, p. 70.

"In striking contrast may be placed here the statement of a recent textbook: "Good-will is established for a good when purchasers learn to like it and call for it in preference to other similar goods. So, also, is good-will established for a firm when, through tactful, prompt, and honest dealings a collective friendliness is created which insures future patronage. Good-will is valuable because, representing as it does, both trade getting and trade holding, it is a cause of income" (Turner, *Introduction to Economics*, pp. 483, 484). In like manner in referring to the good-will of a partnership, Dr. Sparling seems to define it as a "business standing in the community." Thus he comments upon consumers' good-will: "The partnership, by safe and careful management, may have acquired a standing in the community which the public has associated with the firm's name, but which is also associated with the personality of each partner" (Sparling, *Business Organization*, p. 39, 40). In fact, in the same book he makes good-will equivalent to "business confidence." And in discussing elements which lie at the basis of good-will he explains that "The above factors relate to what is usually termed business confidence. In the

However important this issue may be, the idea that habit and custom usually make possible the exploitation of good-will and the accumulation of unearned profits thoroughly permeates modern textbooks. Thus Professor Ely has explained that "Good-will is to be attributed, in large measure, to the economic inertia and friction which result from the fact that buyers are guided to a very large extent by custom and habit rather than by conscious choice. However, in many small transactions, for customers to attempt to buy always at the lowest price would result in a waste of time and energy disproportionate to the gain." For this reason the author finds that good-will in the form of continued patronage may be due to a reasonable effort on the part of the purchaser to economize in effort and time rather than in money. "Hence," he says, "aside from the influence of custom and habit, there may often be rational ground for the continued patronage of particular establishments and the continued purchase of particular goods which customers have found to be trustworthy."¹⁶ It is worth noting that good-will seems to be associated by this writer largely with industries dealing directly with the final consumer whose patronage tends to yield a comparatively high rate, rather than a large total profit.¹⁷

Turning to another well-known economist, good-will is defined by Professor Taussig as the persistence of people in patronizing a certain commercial sense, they must have a business foundation. All of these elements combine to form the element usually designated as "good-will in business" (*ibid.*, p. 342). Quite obviously, it is apparent that the last two authors quoted here do not consider good-will to be a senseless custom, but rather a sane and intelligent confidence on the part of the men who patronize a particular enterprise. Nevertheless, whether good-will rests mainly on sheer inertia and habit or is the result of intelligent judgment is still an important, though unsettled question. It would seem that both sets of forces are at work and, depending on which one predominates, largely determine whether the entrepreneur secures only efficiency profit, in the last case, or unearned surpluses in the other.

¹⁶Ely, *Outlines of Economics*, third ed., pp. 535, 536.

¹⁷In this relation he is of the opinion that good-will is in general of most importance in retail establishments, whose annual profits are apt to be made up of specific gains on a large number of relatively small transactions. "In the larger transactions of wholesale, jobbing, and manufacturing establishments," he explains, "the element of 'good-will' is entirely absent, but the vigilance of expert buyers and the mere size of the ordinary transaction (making even small differences in price important) tend to reduce it to a minimum." A noteworthy feature of modern business, he thinks, is the attempt on the part of manufacturers and wholesalers to influence ultimate consumers through the use of advertising; and the trade-mark privilege, which enables particular brands of competitively produced goods to be distinguished, is an important factor in gaining and in holding the patronage of the ultimate consumers. "The 'good-will' of a large manufacturing establishment thus comes to be in some cases as valuable a possession as a monopoly franchise." But by way of contrast, farmers and other producers of standard classes of goods have small opportunity to acquire good-will profits (Ely, *Outlines of Economics*, second ed., pp. 447, 448). It is plain that the profits of good-will, thus considered by this author, would constitute something other than the rewards of technical efficiency; in fact, the textual content here would associate them with the possessor of specific and stable patronage which itself in some way yields an important gain.

firm. He has tersely explained how an important obstacle to competition may originate in good-will, which is nevertheless a much desired result of advertising. Thus he says:

An important obstacle to the play of competition sometimes arises from custom and good-will—from brands, labels, trade-marks. Where producers and consumers are separated by a long chain of intermediaries, the consumers often look to some external and familiar mark in deciding which among competing products they will select. Hence the immense part played by advertising. It is a familiar saying in business circles that it pays to advertise a good article. Certainly it pays, and sometimes pays enormously, to create and maintain good will.¹⁸

In this excerpt Professor Taussig clearly indicates the manner in which good-will arises. It originates in the esteem and regard of the customer for a product with which the latter is familiar. This author then continues:

"He who has induced many people to get into the way of buying a particular brand, may sell at a price higher than that of his competitors or sell in greater volume and with more steadiness. No doubt this sort of advantage does not come by accident. It is slowly created by shrewdness, patience, persistence" (p. 178).

Now, it will be seen at once that this extract refers both to surplus, scarcity and efficiency profits. Most certainly, if price is fixed by competition and coincides with marginal costs, then any effort which enables the entrepreneur to sell "in greater volume and with more steadiness" yields, of course, a larger amount of total efficiency profits. On the other hand, if prices are adjusted above the marginal cost a scarcity return is obtained by exploiting good-will.

In the excerpts taken from these two authors have been traced the most authoritative statements of the economists' explanation of the appearance of consumers' good-will. In each case it is an external economy, resting largely upon custom or habit and there is an ever-present idea that in addition to the rewards of efficiency, it tends to yield a high rate of return and frequently exploitative gains. Clearly enough, if the purchaser's good-will is perpetuated through sheer inertia and stupidity on his part, he may be easily exploited; but if in other cases it is the result of alertness, resourceful investigation, and sane judgment, it will in time be attracted to the more efficient industry, offering goods at comparatively low prices. Certain it is, then, that whether profits are earned or unearned will depend to some extent upon the very nature of good-will itself and upon the mental characteristics of the consumer. Consequently, education and proper training in buying may aid in establishing a much needed intelligent good-will and in partly eliminating retail profiteering.

¹⁸Taussig, *Principles of Economics*, vol. I, pp. 177, 178.

Another phase of consumers' good-will as an external economy is to be found in the many forms of good-will credit distributed among entrepreneurs, laborers, landlords and final consumers. Fully a score of definitions of credit have appeared in the discussion of this subject; but from the conflicting mass of evidence, good-will credit itself is taken here to mean simply trust, confidence or faith which the capitalist places in the business integrity of the borrower. Certainly the fact that the latter commands this trust or credit in the business world is a distinct advantage; but this form of credit is not seldom taken to be the equivalent of capital embodied in the productive process. On the contrary, it is an external advantage derived from the credit market which supplies him with the means of purchasing the factors and materials of production.

The fact that this species of credit is simply another form of good-will has been pointed out by two eminent economists. The first, an English author, in referring to the influence upon good-will of the consolidation of certain companies has said:

So far, however, as good-will is expressed in terms of 'credit,' this consolidation may create a value of good-will larger than the canceled good-will of the amalgamating units; the credit of the new corporation may be greater than the added credits of the old ones."

In this connection, the second writer, an American economist, takes nearly the same view, but his discussion is much more complete than that of the first author. Thus in the *Theory of Business Enterprise* Veblen has described at least three distinct theories of good-will. In one place he makes good-will equivalent to the capitalized differential advantages of an enterprise, while in another it is similar to the personal credit or good-will of a doctor—the business standing of men engaged in an enterprise—and in still another, it is equivalent to solvency or business credit of financiers. The last two are, of course, external economies and are relative to the point under consideration. Veblen has made business or financial credit a form of good-will. To him this is a sort of *vendible* capital which is the pivotal and dominant factor in modern industry. "It has been noted above," he says, "that what may be called the working capital on which this higher finance proceeds is made up, chiefly, of two elements: the solvency (and consequent potential credit) of the men engaged, and the 'good-will' of these men."² But hitherto, as he explains, this particular category of good-will has not been formally capitalized. There have been peculiar difficulties in the way of reducing this good-will to the form of a fund. "So also as regards the body of solvency engaged—the potential credit, or credit capacity, of the promoters and financiers.

¹Hobson, *The Evolution of Modern Capitalism*, p. 246n.

²Veblen, *Theory of Business Enterprise*, pp. 169, 170.

Perhaps this latter had best also be treated as an element of good-will; it is difficult to handle under any other, more tangible, conception."²¹ Though to capitalize this form of credit, he declares, is not unlike capitalizing the personal good-will of the great men in a business. It is clear that in his analysis of good-will, Veblen is far in advance of the present judicial opinions which have usually treated good-will as an internal economy.

In a comparatively few legal decisions, however, good-will is recognized as an external economy derived from demand or patronage. In a word, good-will has been defined as the probability or chance that old customers will continue their custom or patronage,²² and more explicitly still as public encouragement.²³ In a similar manner it has been described as the mere value of a chance that customers will continue their trade,²⁴ or the chance or expectancy of securing a future profit.²⁵ It is interesting, therefore, to note that much less frequently it has been made to include simply custom or patronage,²⁶ and strangely enough in rare instances good-will has been accepted as the disposition, confidence and faith of customers,²⁷ or as established reputation for square and honest dealing.²⁸ But in all descriptions of good-will as something outside of the technical process, there is a tacit confession that in some form it is derived from the idea, acts and impressions of the consumer, which are, of course, closely related to demand as important external economies of an enterprise.

Accountants are also divided in their description of good-will. One group makes it synonymous with the value of certain advantages of an enterprise, and this thought, occurring most frequently in relation to external economies, seems to dominate the opinions of writers on this subject. Though no one value theory is followed consistently in any single textbook, the existence of large excess gains is usually revealed; and this fact is so important that this economy alone is considered here. For example, in one text it is stated that "good-will is the money value of the reputation of a concern."²⁹ And it is also explained that "good-will is the capacity to earn greater than ordinary profits."³⁰

²¹*Ibid.*, pp. 171, 172.

²²*Chittenden vs. Witbeck*, 50 Mich. 401; *Ginesi vs. Cooper*, 14 Ch. Div. 600; *Meyers vs. Kalamazoo Buggy Co.*, 54 Mich. 215.

²³*Vonderbank vs. Schmidt*, 44 La. Ann. 276.

²⁴*Cook vs. Collingridge*, 27 Beav. 459.

²⁵*In re Borden's estate*, 159 N. Y. Sup. 346; *Pomeroy's Eq. Jur. sec. 1855*; *Wallingford vs. Burr*, 14 Neb. 147.

²⁶*Succession of Journe*, 21 La. Ann. 392; *Craver vs. Dunn Son & Co.*, 110, 111, App. 419; *Senter 419*; *Senter vs. Davis*, 38 Cal. 450.

²⁷*Dougherty vs. Van Nostrand*, 68 Hoffman's Chan. Rep. 70; *Crawshay vs. Collins*, 15 Vesey Jr. 224; *Ex parte Thomas*, 2 M. D. & De. 294.

²⁸*Geo. Fox Co. vs. Glynn*, 191 Mass. 349; *Story on Partnership*, sec. 99.

²⁹*Cole, Accounting*, p. 307.

³⁰*Ibid.*, p. 278.

In a certain treatise the comment occurs that good-will is the monetary value placed upon the connection and reputation of a mercantile or manufacturing concern." In like manner another author has described good-will as the capitalized value of the average net earnings of a business; and "its existence is to be found in most corporation balance sheets under some 'fancy' title or other."²¹ In a similar statement Bentley has said: "a good-will account is used very commonly to carry on its debit side the contra of watered stock—which is overcapitalization. Thus it is the difference between the property value of the issued stock of a corporation and the par value of that stock."²² While in these excerpts, profits of efficiency are often included under good-will, the existence of an uncertain excess value is frankly and fully recognized. In fact, Dicksee states that no one purchasing a business would be in the least influenced by the amount "at which the good-will was stated in the accounts; in short, the amount is absolutely meaningless, except as an indication of what the good-will may have cost in the first instance."²³ And in the words of Arnold, "A going concern has intangible assets in the way of good-will and custom, which are undoubtedly of the very highest value so long as the business continues with open factory doors. At a forced sale these intangible assets become utterly valueless. They shrink to nothing, and disappear as completely as if they had never existed."²⁴

²¹Lisle, *Accounting in Theory and Practice*, quoted in Esquerré, *Applied Theory of Accounts*, p. 243.

²²Tipson, *The Theory of Accounts*, pp. 52, 53.

²³Bentley, *The Science of Accounts*, p. 157, see also Klein, *Elements of Accounting*, p. 103.

²⁴Dicksee, *Auditing*, American ed., p. 191.

²⁵Arnold, *The Complete Cost-Keeper*, p. 358.

Good-will profits from external economies also appear through the consolidation of industrial units or from monopoly advantages. According to Esquerré, when corporations sell their assets, the purchaser figures that "larger profits will be obtained than were possible before the consolidation of interests took place. For this, he is willing to pay a sum of money which may be far in excess of the properties acquired." He then explains that in the absence of a better term this excess price is called good-will (Esquerré, *Applied Theory of Accounts*, p. 244). In the case of a merger Walton has explained that the accountant may insist "that the shortage in assets shall show in the good-will account plainly, instead of being hidden in an overvaluation of the tangible assets, especially when these are grouped together in some such comprehensive term as 'plant,' franchise, etc." (Walton and Gilman, *Auditing and Cost Accounts*, p. 88). And in this connection another author has quoted a judge as saying that "the use of the term 'good-will' to describe overvaluations had been sadly overdone" (Montgomery, *Auditing Theory and Practice*, p. 124). The relation of good-will to monopoly and excess profits is also well described by Hatfield, who comments as follows: "If any business is protected by a monopoly, whether the legal monopoly of a patent right or a partial business monopoly resting on the combination of all present competitors in a 'trust,' there is a possibility of maintaining prices at a level which will yield profits in excess of the current normal rate, and hence a legitimate basis for the valuation of good-will"

Clearly then a line should be drawn here between the profits of efficiency and those of exploitation. If greater total efficiency profits are secured merely through increased sales without an arbitrary increase in the rate, there is no exploitation of consumers' good-will. But if increased returns are secured by arbitrarily raising prices and by limiting supply, there usually exists exploitation of the consumer, over-capitalization, and inflated values of property; and certain it is that no just and equitable method of good-will valuation, profit measurement, capitalization, or taxation of income and excess profits can be scientifically established or carried out until this line is carefully determined.

Startling perhaps may be the statement that the mechanical or technical advantages of an enterprise should not be included in good-will. The common view that the latter includes "every advantage that has been acquired in carrying on a business" gives one an erroneous impression of the true character of good-will. Proper technical economies yield profits of efficiency, which may, of course, be capitalized. This principle is founded upon the fact that earned profits of efficiency are secured through coördination of the factors of production to yield a greater output per unit of expenditure of materials and services. But internal efficiency economies of good-will as expressions of the mind influence directly the factors of production and are already represented in the resulting efficiency and in the output. The various forms of internal good-will, therefore, unless exploited, simply aid in furthering this efficiency, and should not add to the already capitalized value of profits. Such action on the part of accountants would result in obvious overcapitalization. Neither in this connection should internal profits of exploitation be capitalized as good-will, for these arise (a) by improper use of the productive factors when followed only by the usual repairs or compensation to the owners, or (b) by the customary use of such factors if followed with insufficient compensation. In either case the factors have been exploited and the good-will of the owners has been abused.

Finally, in the external fields of demand and consumption, efficiency profits of consumers' good-will are obtained when the latter is sold with an enterprise. That is, if this good-will is not coerced such profits are earned as the direct product of efficiency and may, of course, be fully capitalized. On the other hand, profits of exploitation from this good-will may appear as improper gains from the exchange of economic goods; and are secured either by selling higher than, or buying lower than, the price which marginal competitors could afford to accept for the same commodities and services.

(*Modern Accounting*, p. 110; see also Paton and Stevenson, *Principles of Accounting*, pp. 528, 529).

Constantly threading the facts in this discussion is the ever-present thought that good-will tends to preserve the profits of efficiency; but if it is exploited, unearned scarcity gains are obtained, the rewards of production are not apportioned according to effort or merit, and a premium is often placed upon legal robbery. Surely both in law and economics some attempt should at least be made at scientific analysis. A line should be drawn between the technical efficiency of the productive process, including organization, on the one hand, and the advantages of good-will exploitation, on the other; between the economies which reduce the real costs of production and those which arise from demand in the exchange of economic goods; and between the rewards of efficiency and unearned returns. It is a mistake to make consumers' good-will identical with technical efficiency and organization. Neither should it be defined as the total surplus value above costs of construction. The value of the concrete technical process should depend upon its productive efficiency, in comparison with others of the same kind operating at the margin, rather than upon the amount of unearned profits which it may wring from the public. The courts should carefully preserve the seller's opportunity of offering without interference his goods to the consumer—that is, the opportunity to utilize this good-will without exploitation. Besides efficiency profits, the entrepreneur will, of course, receive an accidental return from purely market fluctuations. At the same time, the main duty of accountants should lie in determining the value of this opportunity and in computing present and prospective profits of efficiency which the courts have defined as just and legal. But future contingent or speculative gains would hardly come within their province, and this rule should preclude the capitalization of such profits as an intangible asset. Certainly upon both jurists and economists should rest the burden of separating the rewards of efficiency from the vast accumulation of unearned good-will profits garnered from the innocent public.

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A SUGGESTION FOR DETERMINING A LIVING WAGE

If progress is to be made in determining a living wage, there must be first of all an agreement on some essential criterion of such a wage—some big factor which a living wage must render possible, and which is capable of clear-cut definition. From time to time, this criterion may be enlarged and expanded, but a simple beginning will doubtless be productive of the best results. Up to the present time, no criterion has been suggested which seems to be more satisfactory than that of health. It is quite universally accepted that health is the right of every man, woman, and child, and no matter how indifferent a corporation may be toward the happiness and progress of its employees, it nevertheless looks with favor on a healthful community as a good business asset. Health seems, therefore, a possible criterion of a living wage. At any rate, it will serve as an illustration of what may be done to determine such a wage on a definite foundation.

Health, as judged by competent physicians, is a tangible matter, with a rather definite line of demarcation between individuals who are sick and those who are well, those who are diseased and those who are free from disease, those who are on the verge of physical collapse and those who are robust with energy in reserve. On the basis of thorough physical examinations, a representative number of workingmen's families should be rated by skilled physicians. Going hand in hand with this physical rating, but as a separate line of the research, the standard of living of these families should be studied by dieticians and other experts, and a comparative rating of the standard of living arrived at for each family. When sufficient data have been collected from a representative number of families, the relationship between the health of the families and the various standards of living represented by them may be established. With the results of various standards of living expressed in terms of health, there would be unquestionable evidence of those things which a wage must provide if it is to maintain families, in general, in health. The cost of such essentials at current prices would be the amount of the living wage, established on the basis of health. The definition of such a wage would be a statement of those quantities of family consumption which were found to be necessary in maintaining families in health.

As in other branches of research, there is need in the "science of living" for the establishment of definite standards. Because of the extent of human variations, it has been felt almost impossible to establish norms, yet in other fields of investigation standards which apply to these same varying individuals are being used daily. In the field of psychology, intelligence tests have made possible a measure of intelligence for each individual, which is referred to as his "intelligence quotient." The United States Public Health Service has al-

ready made numerous physical measurements of industrial workers which, if extended to complete medical examinations, could be made to express a measure of health for each individual. Since the family is the unit which must be considered in the living-wage controversy, these measures could be combined into a "health coefficient" for the entire family. This would be simply a convenient index of the family's state of well-being. For all families on which a health coefficient had been arrived at, there should also be a standard-of-living rating, an index of the family's level of living. The interrelation between these two indices should throw considerable light on the point where the living wage begins.

The correlation between health and the standard of living is primarily one of method. The workingman is not, of course, expected to be interested in his family's health coefficient or standard-of-living rating, and before presenting to the public the findings of such a study, it will be necessary to translate back into quantities of bread, butter, meat, coal and other essentials, the standard-of-living rating which was found to accompany the acceptable health rating.

Too much cannot be said of the importance of quantitative measurements in living-wage determinations. Not many years ago we were accustomed to speak of a definite number of dollars per individual of given age as the sum necessary to provide for his needs for a year. Now, after having passed through a period of fluctuating prices, in which there was a rise in the cost of living of over one hundred per cent in six or seven years, we are convinced of the fallacy of attempting to define a living wage on the basis of a money standard. There is, however, one factor which has remained constant throughout the years when prices and the value of money have been ever changing. There has been no change in the size of a quart of milk, a dozen of eggs, or a pound of butter. The "hunger satisfaction" derived from each has remained the same. *Quantity*, therefore, as expressed in weights and measures, has proved to be the only stable method in purchasing foods, and *quantity* is the only language in which the living wage can be discussed or defined. The stability which a quantitative standard affords for items of food, fuel, and light, does not exist to the same degree in clothing and house furnishings, but even in such items as these, quantity has remained more constant than any other factor which can be handled in ascertaining those things which a living wage must provide.

It would be a misrepresentation to give the impression that the United States government has been unmindful of the situation which confronts the American workingman in his struggle with the cost of living. Through various governmental agencies, investigations of wide scope have been carried on, and appropriations by Congress have been

made accordingly. Two of the most extensive of the war-time investigations were made by the Bureau of Labor Statistics—the investigation into the cost of living of shipbuilders, and the nation-wide survey of 1918-19. These investigations covered 5,227 and 12,837 families respectively. Both investigations were made by the budget method, in which agents of the Bureau of Labor Statistics visited the housewives and secured as complete an estimate of the previous year's income and expenditure as it was possible to get. To one who has never administered a cost-of-living schedule, nor been subjected to one, this seems impossible, but it is not. Such material as this, covering average quantity and cost of different kinds of food, clothing, housing, fuel and light, furniture and furnishings, as well as the cost of miscellaneous items, has been summarized in considerable detail and made available by the Bureau of Labor Statistics.

During the war these figures were used by the War Labor Board and other agencies whose duty it was to adjust wages to meet the increased cost of living. The question was arising constantly as to the sufficiency of the amounts expended. For instance, in New York City, the average total expenditure for the 518 families investigated was \$1525.66. Was this enough? Was it too much? These same families (reduced to a basis of 3.35 equivalent adult males) consumed, on the average, 64.5 pounds of fresh beefsteak, 78.2 pounds of butter, 1,239.5 pounds of fresh milk, and stated quantities of other foods, but did these amounts maintain the family in a state of good health? No data were gathered to show the sufficiency of the food consumed by any of the families included in the investigations. Had the individual members of the families been subjected to thorough medical examinations, it is quite likely that the diet would have shown a definite relationship to the health rating of the family. Average figures of consumption, based on a housewife's estimate, are scarcely to be taken as a safe indication of what a family really needs for health, unless the physical condition of the families is also made the subject of investigation, and found to be satisfactory.

Realizing the danger which lay in the use of average figures, which doubtless included the estimates of families living below a health level, the Bureau of Labor Statistics prepared a *Minimum Quantity Budget Necessary to Maintain a Worker's Family of Five at a Level of Health and Decency*. The food quantities recommended by this budget were taken from the average of a selected number of families in the 1918-19 investigation, whose food estimates indicated a sufficiency of food as rated by calorie standards, and were modified to a slight extent by expert dieticians of the Department of Agriculture in order to make them more in line with health standards. Other quantities included in this budget were based on the findings of actual cost-of-living sur-

veys, with such modifications as seemed necessary to bring them to a health and decency level. The *Minimum Quantity Budget* has been criticized as theoretical. Perhaps it clung too closely to the actual averages obtained from the 1918-19 cost-of-living study; perhaps it swung too far from them in its health and decency modifications. On which side it erred will not be known until some plan is worked out by which a definite level of living can be related to the results which it produces in health, or in some other criterion by which it can be judged. The chief reason given by critics for discrediting the *Minimum Quantity Budget* lay in the fact that a somewhat similar quantity budget when priced at the prices prevailing in Washington, D. C., in August, 1919, amounted to \$2,262.47, with possible economies bringing it down to \$2,015.56. Practically no one objected to the quantities prescribed in the budget; in fact, many people marvelled that any family could exist on such small amounts, but when prices were secured in the local stores of Washington, the total cost of the budget was staggering. It was the total cost of the budget rather than the quantities which comprised it, which caused many advocates of the quantity budget theory to doubt its practicability. There may have been justification for discounting the budget in question, but there must be derived a quantity budget which can stand on its own feet and be defended by facts and results. When a budget is available which can be defended on scientific grounds of health, or any other selected criterion, it matters little what its cost at prevailing prices may be.

The working out of a relationship between standards of living and their respective results in health will require two groups of people.

First, a number of representative families of American workingmen who are willing to be the subjects of intensive investigation must be found. A preliminary survey of a large number of families will probably have to be made in order to select those of the desired size, and those which will represent different standards of living. As a guide to the size of family to be studied, the average size reported in the Bureau of Labor Statistics investigation of 1918-19, or in the census figures, may be taken. For a particular industry, it may be advisable to determine the average size of family by the questionnaire method within the largest plants. It may also be advisable to select, for intensive study, families free from physical defects or chronic diseases. The chief inconvenience to the families which are selected to be studied will be to submit themselves occasionally for medical examinations, and for the housewife to keep simple accounts of quantity and cost of everything consumed by the family, and to answer such queries as it may be necessary to make, for which work she should be reasonably compensated. Otherwise, the family could go on living in its accustomed way, and remain entirely oblivious to the findings of the study,

or to the particular level of living or health which it represents.

It is not difficult to secure family coöperation in a matter of this kind. During the war, in the two investigations of the Bureau of Labor Statistics, 18,064 housewives gave from two to four hours in answering the questions on the schedule. In the 1918-19 survey, 474 inquiries were printed on the schedule and equally as many more had to be asked by the agent in securing a satisfactory estimate of the family's annual expenditure for the previous year. Of the 12,837 families who answered all of these, several hundred gave further of their time in keeping daily records of their current expenses for periods of from one to several months. In 1917, after 2,110 families in the District of Columbia had furnished cost-of-living schedules to the Bureau of Labor Statistics, 31 of the same families entered into a dietary study by the Department of Agriculture and the Bureau of Labor Statistics, which involved an inventory of the food on hand, daily records of food purchased, and daily weights of the garbage and kitchen waste. All of this was voluntary coöperation on the part of the housewife, without compensation. It is, however, an imposition on the average housewife to ask her for coöperation over a long period without entering into an agreement which will provide adequate compensation for her services. A reasonable remuneration will insure her continued interest and best efforts.

Much has already been indicated of the personnel of the second group of persons necessary to carry on the living-wage research. It would consist of physicians, dieticians, and experts qualified to rate standards of housing, sanitation, and other essential factors. The persons selected to analyze and interpret the data must be thoroughly capable and strictly impartial. Only in this way can both sides of the controversy be expected to regard the findings with confidence. Because of the extreme necessity of impartiality, perhaps the task could be undertaken best by the United States government. This arrangement would also be in the interests of economy, since the personnel of the board of experts could largely be drawn from the several departments, such, for example, as physicians from the Public Health Service, dieticians from the Department of Agriculture, and cost-of-living experts from the Department of Labor.

The great need for scientific research to ascertain what constitutes a living wage should be obvious, and can hardly be overemphasized. The standard-of-living and health ratings offer a suggestion of a means by which this question may be answered. It is a problem which must be solved some time, and the sooner a plan is formulated and the work started, the sooner it will be possible to conduct wage hearings on common ground with a scientific foundation.

WISCONSIN

DOROTHEA DAVIS KITTREDGE.

THE CIRCUIT VELOCITY OF MONEY¹

Public interest in economic activity centers about the prices and volume of production of new tangible goods. This is natural, since the average consumer spends considerably more than half his income for new goods² and far greater numbers are engaged in the production of goods than in any other type of productive enterprise. The economist has an additional reason for considering this particular field of primary importance because, in the first place, the maximum employment for the production of services and intangible goods seems to be the result of, and not the cause of, the maximum employment by the producers, and, secondly, fluctuations in employment for producers of goods are much greater than for producers of services. The underlying reason for this latter condition lies in the fundamental difference in the character of the products of these two main groups. Nearly all goods can be stored for several months before being consumed, whereas services must be consumed simultaneously with their production.

If dealers as a whole come to believe that prices are going to be considerably lower in the near future, they may cut off a large part or all of their customary orders to manufacturers and run along on their own surplus stocks or such stocks held by others. In the period following a commercial crisis the reduction of orders becomes greater in volume as we approach the original sources of the goods, reaching its maximum with the reduction in orders received by the producers of raw materials, whose business may suffer an almost complete shutdown for several months. The purchase of goods for consumption may exceed production for a considerable period of time. On the other hand, it is quite impossible to have an accumulation of the product of those rendering personal services hanging over the market and thus affecting the demand for their daily output. Furthermore, the consumption of required personal services can be postponed to a very slight extent, and the expectation of lower prices has little effect on present demand. Finally, current production of services must equal current consumption. In view of the above consideration, we are warranted in giving special attention to those factors which determine the volume of the demand for and the prices of new goods.

For all practical purposes it may be said that goods do not pass into the hands of a consumer except in exchange for money. Exceptions

¹The author acknowledges many helpful suggestions from Mr. Waddill Catchings, Dr. William Trufant Foster, and Professor Irving Fisher. Most readers will find it much easier to follow this paper, if they have first read "The Circuit Flow of Money," by Dr. Foster, in the *AMERICAN ECONOMIC REVIEW*, Sept., 1922. The present paper is a continuation of the discussion opened in that paper.

²Unless otherwise stated, "new" goods in this paper is used to mean new, tangible goods.

to this rule are so rare that their influence may be neglected in the following discussion. However, payments for goods do not have to be made at the time the consumer takes possession. By extending the use of his personal credit, a consumer may temporarily increase his scale of purchases to a point far beyond where it can be sustained, and vice versa. It is not unlikely that there may be general movements of this sort, first in one direction and then in the other, at different stages of the business cycle, which may have an appreciable influence on demand and prices and thus help to shape the course of the cycle. Important as this may be, a quantitative analysis of this factor is beyond the scope of the present paper. It will be treated as a qualification to the general assumptions on which the mathematical analysis is based, *viz.*, (1) that in any given period of time the total sale price of goods sold to consumers is equal to the amount of money which they pay for goods during the same period; and (2) that the average price of goods passing into the hands of consumers during this period is equal to the average price of goods for which payment is made. Of the extent to which these two assumed conditions differ from the actual conditions, we have no quantitative measure.

Keeping in mind the above-mentioned qualifications, let us return to the statement that goods do not pass into the hands of a consumer except in exchange for money. Measured in dollars, the volume of goods passing into consumption during a given period of time will be equal to the number of dollars used to pay for goods purchased for consumption in that same period. In the mathematical analysis of the process of purchasing goods in consumption, we shall, in general, follow the procedure of Professor Fisher.³

The number of dollars spent for goods in consumption will depend upon two factors taken in conjunction, namely:

1. The amount of money in circulation, and
2. The rapidity with which this money is used to buy new goods in consumption, or, as we shall phrase it, "the circuit velocity of money."

By "money in circulation," we mean the total amount of currency and bank credit which is actually in existence in this country on any given date and subject to immediate disbursement by any individual, association, business or governmental agency.⁴

By the "circuit velocity of money" we mean the average number of times each cent of the money in circulation is used to purchase goods in consumption during a given interval of time.

³Irving Fisher, *The Purchasing Power of Money*, (New York, 1920).

⁴The definition of what constitutes the actual amount of "money in circulation" (within the country) at any one time presents difficult problems, chief of which is determination of the amount of money which banks as corporations have available for disbursement for their own purposes. No satisfactory definition can be given without more analysis than space permits in this paper.

The word circuit has been used because the flow of money from one use in consumption back to another use in consumption suggests a circuit.⁶ It is true that there is much money in the form of bank credit in circulation at any given time which will be used but once to purchase goods in consumption before it goes out of circulation by the repayment of a bank⁶ loan, and thus never complete the kind of a circuit pictured above.

This and other considerations which arise in the formulation of a procedure for the direct determination of the circuit velocity of money present interesting problems⁷ but it is not necessary that we follow them through to a conclusion before making use of the term in the analysis which follows.

If now we use the letter "M" to represent the amount of money in circulation; "C," the circuit velocity of this money in any given year; "p," the average price of a unit of a given commodity paid for during this year; and "q," the total quantity paid for, we may draw up what may be called a "new goods equation of exchange." The resulting equation, $MC = \sum pq$, will be designated as Equation No. 1.⁸

Under existing conditions, even over as short a period as a single business day, both M and C are constantly changing. Therefore, these symbols should be taken to mean the average amount of money in circulation and the average circuit velocity of money during the period selected. C must be measured in terms of the period selected. Thus, if a year is chosen, C is the average number of times a year that each cent of money is used to purchase new goods in consumption.

We have used a single term (MC) for the left-hand side of the equation, rather than the double term $MC + M'C'$ as in Professor Fisher's equation. Our principal reason for doing so is that we are here making a study of the flow of purchasing power, regardless of its origin or the changing form in which it may be transferred from time

⁶William T. Foster, "The Circuit Flow of Money," *AMERICAN ECONOMIC REVIEW*, Sept., 1922.

⁷Throughout this paper the word "bank" is used to mean a commercial bank and loans by them represent the creation of bank credit money.

⁸The mathematical analysis of these problems is omitted from this article.

⁹Professor Fisher suggests that this equation may be derived by splitting up his general equation of exchange as follows:

First reduce $MV + M'V' = \sum pq$ to $MV = \sum pq$ (where M is now used to represent both currency and bank credit). Then, let p and q be used only for a particular group of goods, say, goods sold to a consumer; p' and q' for goods sold at wholesale, p'' and q'' for real estate, etc., and let C, C', C'', etc., designate the circuit velocity of money used to transfer each of these groups of goods.

Substituting these terms in Professor Fisher's general equation of exchange (reduced as above) we have:

$MC + MC' + MC'' + \dots = \sum pq + \sum p'q' + \sum p''q'' \dots$

If the general equation of exchange is pictured in this form, then the new goods equation of exchange is one part of the general equation of exchange.

to time. We wish to focus attention on the multitudinous variety of channels into which purchasing power is directed and the characteristics of these channels. A man may receive a salary check which was drawn against a book credit arising out of a bank loan, and he may deposit this check and spend part of the proceeds in cash and the rest in checks. We are now interested, not in the form in which this purchasing power is used, but in the time elapsing before it will be used to buy new goods in consumption.

We should note that the actual yearly purchases which are paid for equal MC only when M and C remain constant over a comparatively long period of time. Under conditions as they exist, all we can say is that Σpq is approximately equal to MC. Thus our equation of exchange ($MC = \Sigma pq$), which has the appearance of being an exact formula, is only an approximation of the facts; but this does not interfere with the use of the equation in drawing valuable conclusions.

One of the most important phases of C is the influence of this factor on price, but the above equation of exchange is not in the best form for an analysis of this problem. If we could find a method of averaging the price of goods which would appeal to both imagination and reason, we might have a formula of the form of $MC = PT$, where P would be the average price of all goods and T the total number of units of goods sold to consumers.

Our problem is not as acute as if we were trying to average the price of all things for which the consumer pays money. In this case, our minds would have to struggle with the problem of finding a basis for determining the average price of newspapers and electric current. However, we are dealing entirely with tangible goods. Since they all have the common physical property of weight, we might get an average price per pound. This, however, would involve averaging the pound prices of wheat, silk cloth, diamonds, gasoline, newspapers, and coal. While mathematically possible, it would not appeal to the reason or imagination. We may avoid these difficulties by using an equation in which all the factors are index numbers. Thus we can virtually rewrite Equation No. 1 ($MC = \Sigma pq$) to read $M_i C_i = P_i T_i$. This we shall designate as Equation No. 2.

We may take the figures for any given year (or the average of a series of years) as a base; then, for any other year, the quantities to be substituted in Equation No. 2 would be the ratio of the figures for the given year to those for the base year. M_i , the index number of the amount of money in circulation, would be found by dividing the average amount of money in circulation in the given year by the corresponding figure for the base year. In a similar manner, we would determine C_i , the index number of the circuit velocity of money.

M_1 multiplied by C_1 gives us an index number of the amount of money spent in consumption; therefore $P_1 T_1$ should yield the same figure.

Until recently, we have had no logical and precise method of determining index numbers for prices (P_1) and physical volume of trade (T_1) whose product would equal the true index of the volume of trade expressed in dollars. Professor Fisher, however, has shown that there are several formulas which fulfil this and other logical tests with a high degree of accuracy.⁹ This makes it possible to construct the above equation which, in contrast with Professor Fisher's equation of exchange, we may call "the index equation of exchange." In Professor Fisher's equation ($MV + M'V' = PT$), all the factors on the left-hand side are absolute quantities, whereas on the right-hand side P is a relative quantity (being the price index of the given year) and T is neither an absolute figure representing total trade in physical units nor a relative figure giving an index of the volume of physical trade.¹⁰ This mixing of the nature of the units employed makes it a more difficult equation to justify and to picture in the mind's eye. In the index equation of exchange, all factors are of the same character, namely, index figures, but the fact that they are index figures does not prevent us from using them as if they were absolute figures in discussing the effect of the variations of each one upon the others. Thus, if C is this year twice what it was last year, C_1 will be twice the C_1 of the previous year, irrespective of the year chosen as the base, and the same consideration holds for the other three factors in the equation. Therefore, we can, from this equation, draw such conclusions as the following: the price level of new consumers' goods varies directly with the circuit velocity of money, provided the volume of money in circulation and the volume of consumer sales of these goods remain constant.¹¹

Now, M_1 , P_1 , and T_1 may be determined independently of each other with a fairly high degree of accuracy from data which are either at hand or, in the case of T_1 , can be obtained without undue difficulty. The independent determination of C_1 , however, seems to present insuperable difficulties, and the indirect determination through the use of Formula No. 1 would give results which are less accurate than for M_1 , P_1 , and T_1 .

⁹Irving Fisher, *The Making of Index Numbers*, published by the Pollak Foundation, Newton, Mass. (1922).

¹⁰" T " in Professor Fisher's equation is what the total value of the given year's trade would have been had the prices of the base year (used to compute P) prevailed in the given year. In other words, it is the value of the expression $\sum p_0 q_1$. Expressed in other terms, T is equal to the value of the expression $Q (\sum p_0 q_0)$, where Q is an index of the volume of trade in the given year.

¹¹The price level referred to throughout this paper is the price level of the new consumers' goods which are paid for during the given year. This price level will be practically the same as the price level of goods whose ownership is exchanged (or contracted for) during the given year except when the price level is changing in a marked degree.

This is because, under conditions as they exist, this formula is only an approximately true equation for any given interval of time. However, our major interest in *C* does not lie in the determination of this factor for any year. It is the changes in this factor (which are either the cause or effect of changes in the amount of money in circulation, the prices of goods, and the physical volume of trade) that are of practical importance.

Before proceeding to a discussion of the causes and effects of variations in *C*, let us again observe the important distinction between *C* and *V*. The circuit velocity of money is the frequency (expressed in number of times used in a given interval of time) with which money is used to purchase new, tangible goods in consumption; whereas the velocity of circulation of money is the frequency with which money (including bank credit) is given in exchange for all kinds of goods (such as: securities, real estate, second-hand goods, goods in process of production and distribution, etc.) and services.

Expressing the relation of these factors to prices, we may say that, other factors remaining constant:

1. The retail price level of new commodities is a function² of *C* and not of *V*, whereas
2. The price level of all goods and services is a function of *V* and not of *C*.

Returning now to the thesis developed at the outset—that the interruptions to a continuance of the maximum economic activity are the result of breakdowns in the markets for new commodities—we see that in seeking the causes of these breakdowns attention should be focused on the circuit velocity of money rather than its velocity of circulation. Furthermore, the general public is more vitally interested in the price level of new commodities than in a price level which includes all things for which money is exchanged.

If it were true that the ratio of the amount spent by consumers for consumers' new goods bore a constant ratio to the total amount of money spent for all purposes, changes in *C* would be in exact proportion to changes in *V*. By *V* we mean here, as throughout this paper, the average velocity of circulation of all currency and bank credit combined, not simply, as in Professor Fisher's equation ($MV + M'V' = P'T$), the velocity of circulation of currency. If, furthermore, the index of the physical volume of retail trade in consumers' goods always bore the same relation to the index of the total value of such trade, as the index of the physical volume of all trade bore to the index of the total value of all trade, the price index of the retail price of consumers' goods would change in exact proportion to the change in the index number of prices of all things for which money

²This word is used in the sense in which it is used in mathematics.

is exchanged. Both these assumptions, however, are contrary to the facts. We shall not undertake at this time a discussion of the second of the above hypotheses; but we shall point out several factors which influence C to a far greater extent than they influence V, and which the reader can see without analysis are not likely to be exactly offset by opposite changes in the indices of the two classes of trade. In fact, in most of these cases, we are virtually sure that there will be but slight offsetting influences. This is particularly true of those factors which produce secular changes in C but not in V.

Proceeding with a discussion of C we note that, other forces remaining unchanged, the circuit velocity of money will be changed by any change in: (1) the number of hands through which money passes in completing a given type of circuit; (2) the length of time, in each case, intervening between the receipt of money and its disbursements; or, (3) the relation of the total volume of money in circulation to the volume which is never used to buy new goods in consumption.

The factors which cause such changes may be grouped as follows:"

- I. Factors which are more or less unaffected by the changing conditions of the business cycle and which
 - A. Tend to decrease C.
 1. Increase in the efficiency of output of goods per capita which releases workers for employment in rendering personal services.
 2. Increase in relative number of concerns whose output does not consist of tangible goods.
 3. Increase in relative output of organized industry.
 4. Increase in relative number of concerns whose output does not consist of finished product.
 5. Increase in relative volume of goods passing through the hands of middlemen.
 6. Expansion of relative volume of trade at a distance.
 7. Increase in relative volume of taxation.
 8. Increase in minimum cash balances required by banks, and in balances on which interest is paid.
 - B. Tend to increase C.
 9. Increase in use of charge accounts.
 10. Increase in use of checking accounts.
 11. Synchronizing of receipts and disbursements.
 12. Increase in relative number of people living in the cities.
 13. Increase in relative volume of production financed by means of bank loans.
 14. Increased frequency of pay days.
 15. Increase in integration in industry.

"Many of these factors were mentioned by Professor Irving Fisher in his *Purchasing Power of Money* and by Dr. William Trufant Foster in his article on "The Circuit Flow of Money" in the *AMERICAN ECONOMIC REVIEW*, Sept., 1922. Some of these factors are discussed in *Money*, Pollak Publication Number Two, by William T. Foster and Waddill Catchings.

16. Increase in sales from producer to retailer or even final consumer.
17. Increased speed in transferring money from one place to another.
18. Increase in the development of continuity of markets for the product of industry.
19. Development of commercial paper business.

II. Factors whose influence changes with the changing phases of the business cycle.

20. Relative volume of money used in speculative ventures.
21. Relative volume of money loaned "on call."
22. Changing ratio of profits to costs:
 - a. Relative volume of profits declared as dividends;
 - b. Relative volume of profits put into plant extensions;
 - c. Relative volume of profits put into inventories.
23. Relative amount of money held awaiting investment.
24. Relative amount of money held for "a rainy day."
25. Relative volume of savings.
26. Relative volume of money spent for other than tangible goods.
27. Prices.
28. Business outlook.

III. Factors whose influence is temporary but not necessarily associated with any particular phase of the business cycle.

29. Tariff changes.
30. Export or import of gold.
31. Instability of foreign exchange.

The above stated effect on *C* of many of these factors is so self-evident that no comments will be made upon them. The remainder seem to call for some explanation.

3. The great increase in the relative volume of goods produced under the modern system of organized industry has likewise increased the relative number of transactions involving the use of money other than the purchase of new goods in consumption.

4. Along with the development of the division of labor among individuals has gone the division of labor by business enterprises. It is typical of the product of modern industry that several separate concerns have had a part in shaping the finished product.

Thus factors 1, 2, 3, 4, 5, 6, and 7 have tended to decrease *C* by increasing the relative number of transactions (requiring the use of money) other than the purchase of new goods in consumption, but, with the exception of 6 and 7, they have little or no influence tending to decrease *V*. In fact, some of them may tend to increase *V*.

Factor 8 has tended to decrease *C* (and also *V*) by increasing the average length of time intervening between the receipt of money and its disbursement.

9. The average cash balance on hand of persons using charge accounts and receiving their income at intervals a month or more apart is much less than it would be if they were paying cash for all purchases. If they are receiving their pay or income twice a month and paying their bills monthly during the first week of the month, their average cash balance is much greater than it would be if they were paying cash for all purchases. On the whole, the increase in the use of charge accounts would seem materially to decrease the average cash balance of individuals.

10. The convenience and safety of checks undoubtedly promotes the use of charge accounts and thus decreases the average cash balance of individuals except in those cases where their banks require a minimum balance sufficiently large to more than offset this tendency. It is also quite possible that monthly bills are paid more promptly where checks are used on account of the greater convenience of making prompt remittance.

11. Every attempt is made on the part of treasurers of corporations, public bodies and individuals to secure a closer coincidence between large receipts and large disbursements. If successful the effect is to decrease average cash balances.

12. The steady increase in the relative number of people living in cities tends to increase the importance of the three foregoing factors; but this increase may be more than offset by the greater proportion of individual income of city dwellers which is spent in other ways than for goods.

13. Where organized production is financed by bank loans, the average cash balance is less than where production is financed on invested capital. This is particularly true of concerns whose volume of operation is subject to wide seasonal or cyclical fluctuations.

14. Increased frequency of pay days will decrease the average cash balance of workers, who either pay cash for their purchases, or who use most of their income to pay bills within a few days of each pay day. On the other hand, the change from a monthly to a semi-monthly pay day will increase the average cash balance, if bills are paid during the first week of the month, or if this change results in a decrease in the use of charge accounts. On the whole, the effect of increased frequency of pay days seems to be to decrease the average cash balance of those receiving income from this source.

15. When several plants, each operating at different stages in the production of a finished product, combine to form a single concern, the money advanced to the treasurers of each plant no longer includes the profit normally accruing to that plant; it does not exceed the cost of the output of the plant for such items as wages, repairs and replacements. If the integrated concern has a central purchasing agency,

it includes only wages and a part of the repairs. All other items of costs or profits now pass through but one treasury before being disbursed as a cost of continued operation or as profits. The increase in *C* as the result of integration, however, does not necessarily result in an increase in the volume of daily expenditures in consumption, as it may be wholly offset by the simultaneous decrease in the volume of loans which are made to finance a given state of business activity.

18. The progress which has been made in securing continuity of operation of concerns formerly subject to large seasonal fluctuations has increased the circuit velocity of money passing through their hands, since it has resulted either in decreasing their average cash balances, or in eliminating the process of temporarily investing idle funds during the dull season.

19. When a concern obtains a portion of its maximum working capital from the sale of commercial paper instead of from a line of credit, it thereby reduces proportionally the minimum cash balance which it must maintain. This, of course, means an increase in the circuit velocity of money passing through its hands, but it does not necessarily produce a corresponding increase in the volume of daily purchases in consumption. The decrease in the required minimum cash balance is likely to mean an equal decrease of bank loans, and, if so, this automatically offsets in full the increase in *C*.

Factors 9, 10, 11, 12 (?), 13, 14, 17, 18, and 19 tend to increase *C* (and also *V*) by shortening the time intervening between the receipt of money and its disbursement; while factors 15, 16 and sometimes 18 tend to increase *C*, but not necessarily *V*, by decreasing the number of hands through which money passes in completing the circuit.

We have little data on which to base estimates of the relative importance of the foregoing factors or the net absolute changes in the circuit time of money. It appears likely that *C* is considerably less than it was fifty years ago, and several fold less than it was a hundred years ago (due to the great influence of factors 1, 2, 3, 4, and 5); but it may have been increasing in the last decade or two, due to the slowing up of factors 1, etc., and the increasing importance of factors 9, etc.

20. On the upward swing of the business cycle there is an increase in the relative volume of speculation in goods. If the money required for this purpose by individuals is money that would ordinarily be invested, it seems probable that this money will be used to buy goods in consumption at an earlier date than if it had passed through the regular channels of investment. But if it represents money that would ordinarily be spent for consumers' goods or services, its circuit velocity will probably be decreased by its diversion to speculative purposes.

In the case of business concerns, the money used for speculative

purposes may come from profits. In this case it seems likely that the money will be used to purchase goods in consumption at an earlier date than if disbursed as dividends or used to purchase securities.

The bulk of the money used for speculative purchases by both individuals and business concerns is obtained by making loans from the banks; and in such cases it does not appear likely that, as long as there is no decrease in the volume of goods held on speculation, the circuit velocity of this money will be different from that of other money in circulation. However, the tendency of this newly created money, which has been used to buy goods, will be to increase prices and if such is the case, it will have a tendency, as shown below, to increase the circuit velocity of money. The net direct and indirect effect of increased speculation in goods is to increase *C*.

During the upward swing of the business cycle, the increase in the volume of speculation in securities (in relation to total transactions in consumption) is quite as marked as the increase in the volume of speculation of goods (in relation to total transactions in consumption). Virtually all the money used for this purpose is obtained from the banks and the circuit velocity of the bulk of this money is zero, since most of it is never used to purchase goods in consumption, but remains "banked" in the speculative centers of the country until it is extinguished by the liquidation of the ventures. Thus, the direct effect of this speculation is to decrease *C*; but it does not therefore involve a decrease in the average daily purchases in consumption, since the decrease in *C* is automatically offset by the increase in *M*.

Indirectly, however, the upward movement of security prices does involve an uncompensated decrease in *C*, since it induces an increasing number of individuals to utilize their savings as "margins" on speculative purchases instead of the outright purchase of securities; and these margins will remain "banked" if the seller is on the short side of the market, until such time as the seller passes on the sale to someone who owns outright the security in question. Furthermore, the possibility of trading on margins induces many individuals, in times of rising security prices, to use money for this purpose which would ordinarily not be saved but would be spent for current goods or services to yield immediate satisfaction.

21. Closely related to the above is the diversion of savings to the call money market rather than to the investment market at times when security prices are advancing and the rate for call money is high. As long as money is loaned on call, virtually none of it will be used for the purchase of goods in consumption. As pointed out above, such money remains banked unless the buyer (who has made a call loan to effect his purchase) happens to buy from a real owner who wishes to use the proceeds to purchase, directly or indirectly, current

goods or services. When the buyer sells out and pays up his loan, he withdraws money from active circulation against goods and restores it to the call money market.

During the latter part of 1920, and during part of 1921, vast amounts of money were withdrawn from active circulation against goods on account of the high call money market. Insurance companies, for example, put large funds into the call money market instead of investing them in securities; and it was not until the call money rate dropped below the rate on high-grade investments, that this money was restored to its normal channels of circulation against goods. The circuit velocity of this money was materially less than it would have been had not the rate on call money been unusually high compared with the rate on investments.

22. As the tide of prosperity rises, a greater and greater proportion of each dollar received by producers of goods and services, as a whole, represents profits on past sales.

a. To some extent, increased profits are followed by increased dividends, and it is probably true that money which is used in the payment of dividends by producers of goods has a lower circuit velocity than money which is disbursed on account of costs. This seems to follow for three reasons:

(1) Dividends are seldom paid more frequently than once every three months, and cash is usually accumulated over a three months' period in anticipation of such disbursements; whereas costs of operation are for the most part paid monthly and wages usually semi-monthly.

(2) A greater proportion of the money received by individuals as dividends is disbursed for purposes other than the purchase of tangible goods in consumption, than of money received as wages." Our graduated income tax serves to increase the difference.

(3) As profits increase, a decreased proportion of money received as dividends is spent at once in consumption and an increased proportion passes through investment markets before it is used in consumers' markets.

In cases where a large proportion of the disbursements of concerns consists of fixed interest charges payable semi-annually, or where a large proportion of the disbursements goes for the purchase of materials which have already passed through several stages of manufacture in the hands of separate concerns, it is probably true that the money disbursed as dividends has a higher circuit velocity than the

"We have no statistics to show whether the *velocity* of circulation of money in the hands of the wealthy is faster or slower than that in the hands of the middle class or the poor. It might be higher and at the same time have a much lower *circuit velocity*.

average circuit velocity of other money passing through the treasury of such concerns. On the whole, however, it appears that the effect of increasing dividends is to decrease the circuit velocity of money.

b. The realized profits in money which are used currently to pay for plant extensions are probably used to pay for goods purchased in consumption at an earlier date than the average for other money disbursed. If, however, large cash balances are accumulated before making plant extensions, the effect may be to decrease rather than increase the circuit velocity of money.

c. If the increased, realized profits of a concern are used to purchase increased stocks of materials, the circuit velocity of money passing through the treasury is probably less than formerly. This is certainly true if the materials have already passed through several hands. If, however, the increased inventories are created almost entirely by the concern itself, the effect is to increase the circuit velocity of money passing through its treasury.

23. The relative amount of money held awaiting investment increases with increasing prosperity, thus tending to decrease C.

24. The amount of money held by wage-earners, as compared with their income, probably decreases with increasing prosperity, thus tending to increase C.

25. The fact that the savings deposits of wage-earners increase less rapidly in times of prosperity also tends to increase C.

26. As the money income of individuals increases with increasing prosperity, all classes spend a greater and greater proportion of their income for intangible goods and services. The effect is to decrease C.

27. As the tide of prosperity rises, prices increase; and rising prices cause the following factors, each of which increases C:

- (a) Increased speculation and profits, the effect of which has been discussed above;
- (b) A reduction of the average cash balance of individuals and business concerns brought about by the increased purchase of goods for future use or sale;
- (c) The unpremeditated reduction of average cash balances on the part of individuals whose costs of maintaining a given standard of living increase more rapidly than their incomes.

28. The growing feeling of confidence in the business future tends toward the maintenance of lower average cash balances by individuals and business concerns. The wage-earner no longer feels the pressing need of maintaining a cash reserve against unemployment. He may even make use of his better credit position to open up charge accounts. In both these ways, he tends to increase C.

The business concern can with safety and profit make closer use of its cash resources when business is on the up-grade. Furthermore,

the average necessary cash balances do not increase at as fast a rate as cash disbursements. Both these factors tend to increase C.

Thus, in the upward swing of the business cycle, factors 20, 21, 22a (?), 22b (?), 23 and 26 are tending to decrease C; and 22b (?), 22c (?), 24, 25, 27, and 28 are tending to increase it, whereas 20, 22a, 23, 24, 27, and 28 appear to be the only factors of much influence on V. Factor 20 is so great an influence that it appears certain that C decreases as business prosperity increases; but it must be kept in mind that any decrease in C due to this factor is almost entirely automatically offset, as far as its influence on daily purchases is concerned, by the involved increase in M.

If we should exclude from our calculations of both M and C the money which is created and exclusively used to effect changes of ownership in speculative dealings, it is impossible to state with assurance whether C increases or decreases during increasing business activity. We have, however, no competent evidence which points to a decrease in the average daily purchases of goods in consumption (expressed in dollars) until after a reaction in production has occurred.

Therefore, if there is any progressive decrease in C during the upward swing of the cycle, it is not enough to offset the increase in M which takes place at such times. It is possible, however, that although a decrease in C might not be sufficient to cause a decrease in average daily purchases, it might nevertheless impose an impossible barrier in the way of getting a sufficient volume of money in circulation to finance the sale of the maximum productivity of the country to the consumers. But on careful consideration, it appears likely that the additional M required on account of possible decreases in C is relatively small when compared with the M required by the maximum C and the volume of maximum productivity.

29. An increase in the tariff will temporarily tend to increase C on account of the tendencies to increase prices and substitute domestic goods for imported.

30. The export or import of gold tends to affect C through its direct or indirect influence on prices.

31. Instability of the foreign exchange market tends to decrease C because it encourages the holding of money awaiting more favorable exchange rates. It also involves the holding of larger gold reserves by the banks as a protection against unfavorable developments.

It would be interesting, but not a matter of vital importance, to be able to measure the effect of changes in each of the foregoing major factors and the resulting net changes in the circuit velocity of money. It is, however, of importance that in all attempts to explain price

movements, or to curb fluctuations and long trend changes in the price level, we take into account the following facts:

1. There are, and always have been, numerous changes going on in the business world whose influence is either to increase or decrease the circuit velocity of money.

2. These changes are brought about by those who neither know, nor see any reason why they should care to know, what will be the influence of these changes on C .

3. No intelligent attempt is made by individuals, business concerns or government agencies to control or modify the influence of the various factors that affect C .

4. By the laws of chance alone, C will not remain constant.

5. Relatively few of the factors that effect a change in C , thus tending to affect prices, are offset by a change in the volume of money which is produced at the same time from the same cause.

6. The major net changes which these factors bring about in C tend to produce corresponding changes in the average daily amount of money spent for goods in consumption; and if there are no changes in the number of units of goods consumed, these changes in C tend to produce corresponding changes in the general price level of goods as disclosed by the index equation of exchange ($M_1 C_1 = P_1 T_1$).

7. The retail price level of tangible consumers' goods, which is of primary importance to the business world and to the consuming public, is a function of C and not of V ; and there are many factors, particularly those of a secular nature, which do not have the same effect on C as on V .

8. Therefore, changes in the general price level of new consumers' goods can be much more readily explained by the use of the index equation of exchange than by the use of the general equation of exchange ($MV + M'V' = PT$).

Finally, it should be observed that although the index equation of exchange may be made very useful in explaining the secular trend of prices, it is of much more limited value in explaining the cyclical course of prices.

The foregoing analysis does not suggest the conclusion that one of the major causes of the break in prices, following an era of industrial and commercial activity, is a preceding decrease in the circuit velocity of money; nor have we as yet any statistical evidence to support this conclusion. It does not follow, however, that this conclusion is necessarily false; it is a subject worthy of thorough research.

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"THE COURSE IN ELEMENTARY ECONOMICS": COMMENT

I

The paper bearing this title in the December number of the *REVIEW*¹ has called attention to unquestioned difficulties in the present teaching of that course, and has undoubtedly pointed out some of the causes of the difficulties. But before taking a position in respect to Professor Ise's proposals let us glance at some factors, not in conflict with those he mentioned, which however may serve to mitigate or to modify somewhat the conclusions that he has drawn. Before we decide that the difficulty lies either in the nature of a general elementary course or in the place it occupies in the curriculum, it is well to scrutinize the conditions under which it is now being taught. Conceivably, it might be just the subject that students need, but is not being given in the way they need it.

1. The increasing specialization of the training of economics teachers has itself created a difficulty in the teaching of the general course. As in medicine fewer are being trained as general practitioners, and the country-side is being left without adequate medical care, so in economics the training of specialists has been bad for the teaching of the general course. Many men graduated as Doctors of Philosophy in the past decade have had the merest excuse in the way of a general theoretical training—hardly more than the elementary course which they took when they were undergraduates. The advanced course in economic theory given to graduates and major seniors has been known to be entrusted in excellent institutions to teachers who never themselves have had a year of graduate work in economics. In many colleges with large elementary classes, there is no one even of the younger professors who is interested in the teaching of the general course. Even when the elementary course is in the hands of men of professorial rank today, if they are narrow specialists, it is unlikely that it is taught with the zest, breadth, and conviction that was more usual a generation ago.

The immaturity of the instructors in charge of the general course is a difficulty that has been increasingly felt of recent years with increasing specialization and the rapid growth of college and university enrollments. The evil is not confined to any one department of the universities. It is at its greatest when the instructors are without any close coöperation with or guidance by any of the older men of the department. As I write, there comes to my attention the statement of Dean Kimball, of Cornell:

There is little doubt in my mind that much of the narrowness attributed to college men in general, and to technical graduates in particular, is due

¹John Ise, "The Course in Elementary Economics," vol. XII, p. 614.

largely to the practice of relegating much of the lower class teaching to young men and inexperienced teachers, and our failure to bring students under the influence of more mature men while their minds are more plastic.

Dean Kimball's plea to the trustees for providing more mature and inspiring teaching in the elementary classes applies as fully to economics as to any other subject in the curriculum. When this is the case we must be cautious about blaming upon the nature of the course all of the difficulties we find, unless indeed we are now to alter all college subjects to fit them to the deficiencies of our newer teaching.

2. The changing spirit and the changing interests of college students have added to the difficulties of teaching. The lack of thoroughness is complained of by college teachers in nearly all subjects. I recently heard an excellent teacher of mathematics say that students he met in the junior year had forgotten almost all of the mathematics that they had taken in the freshman year, and another excellent teacher deplored the fact that the students whom he himself had taught English in the freshman year seemed to have forgotten all his lessons when he met them again in the senior year. If Professor Ise would examine, two or three years after their graduation, the students that have taken the more special junior and senior economics courses, he might be as much astonished at the "grotesque ideas or lack of ideas" displayed by some of them in those subjects as he has been with respect to the Elements. Many graduates forget a large part of their entire college course, and "what they have forgotten they evidently cannot have been using much." Possibly the only remedy is to cut out all college education for such students?

3. Another fact of great significance is the break-down of the Ricardian economics as a system of thought and as a pedagogic tool. Professor Ise makes a remarkably frank statement renouncing the conventional definitions as contained in most of the textbooks. "A fair share of the elementary course is built up," he says, "around concepts that the students must unlearn because they are unreal and quite unreasonable in all the more specialized courses." But why should a theory that he calls unintelligent and deems mischievous be taught after the special courses any more than before them? Is not the logical conclusion that such theory ought not to be taught at all?

In a volume on *College Teaching* (World Book Company, 1920) the fact was noted that many economists recognized the unsoundness of the terms and ideas in the older economics but balked "when it came to embodying them in a general theory of economics." And the author continued:

Most of the American texts in economics and much of our teaching show disastrous effects of this confusion and irresolution. The newer concepts, guardedly admitted to have some validity, appear again and again in the

troubled discussion of recent textbook writers, but usually end with a rejection "on the whole" of the logical implication of these newer concepts. The complaints of growing difficulty in the teaching of the introductory course seem to have come particularly from teachers that are in this unhappy state of mind. They declare it is impossible longer to interest students successfully in the general theoretical course, and they are experimenting with all kinds of substitutes. At the same time economics is being taught by teachers of the new faith more successfully perhaps than it has ever been taught in the past.

Making due allowance for the foregoing facts, Professor Ise's objection to the present place and nature of the elementary course would seem to apply in greatly varying measure to the elementary course as taught in different institutions, in the same institution at different times, and by different teachers at the same time. Others of the very real difficulties to which he has called attention and which we are all in some degree experiencing, are inherent in the general educational situation and are not peculiar to the elementary course in economics.

Yet we ought not to push these justificatory considerations too far; doubtless there remain other substantial grounds for the difficulties indicated in the paper before us. These relate to two fairly well-marked divisions of the general course which Professor Ise incidentally distinguishes, but which in the main he groups without distinction under the titles, the Elements or the Principles. One of these divisions (I) deals with the broad underlying principles in a more exact sense, is analytical and logical, and seeks to clarify and define the leading economic terms and to train students in habits of economic thinking. The other division (II) consists of a rapid survey of a number of the important time-honored questions still alive in current politics and economic legislation. I have largely segregated the two bodies of material and groups of problems in my two volumes, the one entitled *Economic Principles* and the other, *Modern Economic Problems*.

In a college situation such as Professor Ise evidently has in mind, where numerous business and vocational courses have been developed, there are doubtless good reasons for ceasing to follow the traditional practice of requiring both of these divisions of work as prerequisite to all other courses in the department. The two cases rest, however, on different grounds. As to the Principles (I), it mainly deals with economics in its broader aspects, with principles of political economy, whereas many of the subsequent courses deal with individual, commercial and vocational economics. Little use, and in some cases none at all, is made of the principles in the later courses. The latter are much simpler in content, largely descriptive and informational, and they charge the memory rather than burden the reasoning powers.

It is a weakness of college teachers to look upon all other subjects as merely preparatory to their own. Every subject taken helps some in the study of every other related subject taken subsequently. As a teacher of "the general course" I feel that the case is strong for having students take not only economic history, but, let us say, commercial geography, accounting, statistics, marketing, investments, salesmanship (possibly even transportation and money and banking, as they are sometimes given) before rather than after the course in principles. It is a question of the greatest good to the greater number. These special courses as given even by men of broader training are often treated in a separatist manner, and have the slenderest connections with general economic principles. This may be unfortunate, but how can we expect the students to keep their fundamental principles whetted and burnished to no use, or why compel them as a prerequisite to equip themselves with weapons which they never have occasion to draw from their scabbards?

But we must recognize the true nature of the change that has been going on, and must confess that if we stop there we shall be conducting a trade school rather than giving either a civic or a broad scientific training in political economy. Ought not a persistent effort be made to treat each of the more special subjects in closer connection with the general theory of economics than is now usually the case? Probably also, when time permits, a golden mean may be found, whereby some portion of the principles may follow some of the more descriptive and technical courses, and at the end a broader course be required of all majors in the school of economics or of commerce. Such a policy has been adopted in Northwestern University, under the wise guidance of Dean Heilman and Professor Deibler. Of course this plan is feasible only in smaller measure in the ordinary college of arts, with its more restricted curriculum in economics; but it probably has some application even there.

Somewhat similar conclusions seem to emerge with respect to the group subject "economic problems." Where the student will naturally take a large number of special courses later, there is less reason to compel him to take a brief survey of them as a prerequisite. Two years ago at Princeton this requirement was removed, and only the more general part contained in the principles is still retained, this coming after at least one term of historical and descriptive study. The field of economic study has grown so rapidly and is now so large that one term is all too brief for a thorough discussion of the large group of problems. Such a course is still, however, helpful to give in advance a general view, a wall-map of the subject, and many students have time for no more. It may be valuable also as a coördinating review, taken by a senior, even though some duplication may be involved.

Our conclusion is largely in agreement with the views of Professor Ise, and with due regard to many differences in circumstances and points of view which he did not stress, might be more fully in agreement. Conditions in the teaching of economics have been and are rapidly changing. Many different subjects are being taught under one name, economics. We are not distinguishing clearly enough between commercial economics and true political economy. The conventional pedagogic solution does not fit all the present problems. Professor Ise has performed a service in presenting the issue in his thoughtful and timely paper.

FRANK A. FETTER.

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II

Hearty thanks are due Professor Ise for his stimulating article. It is based on a thoughtful examination of present practices. It has been preceded by actual tests of the new scheme proposed; a procedure which, while manifestly correct, is frequently disregarded. We read much more frequently what the writer thinks should be done, than we read records of careful painstaking studies which give the hypothesis laid down, the setting of the experiment, the basis of past experience and results, and the determined gains or losses under the new conditions. The article also places emphasis, where it most properly belongs, on the student. The question is not as to the proper sequence of courses to give the most logical arrangement of subject-matter but the proper sequence of courses properly to develop the student mind. With all the foregoing the present writer expresses his assent and wishes to voice a welcome to their expression. The central factor is the student. And that instructor of economics will be most successful who adds to severe study of his subject equally severe and effective study of his students. The measure of his success is not the brilliancy and adequacy of his presentation of his economics courses, but is found rather in the answer to the question: What progress have his students made toward clear comprehension of the "tangled, complex and many-sided" problems which must later be faced in the career of a citizen and business man? When will a university and administrative head be found with wisdom to believe, courage to execute, and wit to devise a scheme whereby he may measure a teacher's actual effect on the student? Having done so, will he further have the wisdom and generosity to reward and promote the teacher in accordance with his demonstrated effectiveness? When this happens, Professor Ise and the others among us of similar mind will see rapid progress toward the realization of his ideals.

I find myself in disagreement with Professor Ise on but one main issue. I think, as does he, that the course in principles must be preceded by descriptive and fact-giving courses. At the College of Business Administration we require both Marketing and Industrial History of freshmen. There is also a course in Commercial Resources, which a quarter to a third of our freshmen elect. This preliminary work we follow with a year's course using Taussig's *Principles* as a text. (I may interject a statement of my agreement with Professor Ise's indictment of the brevity and consequent meaningless character of many current textbooks in the Elements.) This serves as a prerequisite to applied courses. I disagree with Professor Ise in regard to the place of the course in principles for two reasons. The work in economics is closely interrelated. The student cannot be said fully to apprehend a part of it unless he understands its relation to the other branches of the subject. This is especially true of distribution where "the most serious hiatus in the average student's training is found." To me it seems a wiser procedure and better suited to develop the student's mind and advance his understanding of distribution, to give him a consecutive discussion of the four shares in the social income, followed by a review of the theory of wages in the course in Labor Problems (this is my own practice at present) than to attempt to consider theories of wages with students who have no appreciation of the bearing of this income on rent, interest and profits. Distribution may be the superstructure, but it is not good procedure to carry one corner of the building through the various stories leaving raw edges to be joined up later as the other parts are consecutively built. It does not conduce to sound construction. Can any one effectively teach students the theory of wages, without at the same time touching interest, profits and rent? Can he teach the theory of crises, irrespective of the theory of interest, money, wages, and profits? Is it not essential that the student have the general survey before he intensively studies these separate fields?

My second point is closely akin to the first. It concerns the student as the first does the field of study. Whether the course in principles be a freshman or a senior course, will any student fully apprehend it after a single year's study? Does such an achievement lie in the personal experience of any teacher of our fascinating, growing and difficult subject? It is rather by constant thinking, frequent returns to the different branches of the subject, and gradual development of a broad basis of facts and pertinent illustrations, that we become "well grounded in all" or at least in some "of the branches of the subject." We cannot "give the principles and the facts at the same time" and confine our teaching to the time limits of the college generation. The accumulation of a substantial basis of illustrating facts is a matter of

years of thought and study and a statement of principles must precede such accumulation. It is thus, I suspect, that this course "serves as an excellent training course for the younger instructors." I venture to suggest that it may not be altogether due to the postponement of the course in Principles for one year and the injection of one or two prerequisites "that the student's chance of getting an intelligent grasp" of the subject is noticeably improved. Other factors affect the experiment. There is often radical selection and rejection among the freshmen class. There is always a development and adjustment, a general shaking down, which makes the raw freshman material into teachable college students. There is beyond all this, due to the prerequisites, if you please, a year's growth in the capacity to do abstract thinking in economic fields. No students of my experience possess it in advance of their instruction. Aiding in the acquiring of it is the largest part of our job. The function of the general course in economics is not the production of "veteran economists" in "so broad and difficult a field." We are giving preliminary training to raw recruits under American conditions, which is to say that the students, while admirable material, have had little advance training affecting our task. Close study of the student enforces this conclusion. Our results are good if we take that student as he stands, apprehend his needs and limitations, instruct him, stimulate him to strenuous thinking, and leave him a full year in advance of his earlier position. The result is excellent if the student has formed a habit of clear, honest thinking; has the initiative and justified self-confidence to continue his study under his own direction and has been inspired to an abiding ambition to play a man's part in the right solution of our pressing economic problems. This I conceive to be the largest function of economic training in American colleges and universities. Save for those going on to graduate study, it is not the finished economist but the informed and educated citizen worthy in character which is the product in view. And I am convinced that both our subject, and Professor Ise's teaching of it, are eminently suited for the turning out of such a project.

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III

It is a pleasure to accept the invitation of the editor to write a brief discussion on "The Course in Elementary Economics." This course has, in the opinion of the writer, a place in the curriculum of the college, and should precede all other courses in economics. This position it has and holds, not only by virtue of academic tradition, but also because it justifies itself here.

The course in elementary economics is, and should be, an introduction to the phenomena of business; it is not a philosophy of life. Its aim is to acquaint students with the various facts of our economic life, showing their relation to each other, and interpreting their real significance. It is not so much a question of giving to students such philosophical understanding of the great questions of distribution and social welfare as will make them interpreters of life; it is, rather, an attempt to make clear to them the principles of business and their social significance, to show that money plays a less important part in modern business than the man of the street supposes, that business men who are simply "money getters" are not successful in the truest sense of the word, and that service, even in the business world, is today the real key to success. Man and his wants are, after all, more important than goods and their selling prices. These great lessons are made evident from an exposition of modern business practices; they are more impressive if not "preached."

The course in elementary economics should be the first course in that field. If it is not a synthesis of abstract principles, but a clear presentation of, and plausible introduction to, the concrete phenomena of business life, it belongs at the beginning of the study of economics. Such an introduction is necessary for one who is to interpret properly the facts and principles relative to a specialized field. How can a student take to advantage a course in money and banking with his preconceived notions of money and its importance in the business world? For twenty years his whole environment has led him to think that money is the measure of success, that it is the *summum bonum* of all industrial life. Without a course in elementary economics, the student has no knowledge of the fact that the productive processes of modern business, through our specialization, leave in the hands of producers a surplus which they must exchange with each other. This exchange of surplus production forces upon the business world a medium of exchange—money. This money enters into business calculations chiefly as a measure of value, rather than as an exchange medium. Present-day business is conducted largely on a credit basis. The student who has taken elementary economics as an introductory course understands as he can from no other source the consequent necessity for banking systems. Why take a course in transportation until one understands the necessity for transportation from the general business point of view, and especially its service to the business world? Transportation can mean little until one sees clearly that it is the basis of specialization, because specialization rests on extensive markets. Why study foreign trade until an introductory course has shown that the international exchange of goods is a natural and inevitable result of easy international transportation, and world markets? How can

one get a point of view from a course in insurance until he understands the position of the enterpriser and of risk in business? The basis for the division of risks and the effect of this division on the commercial world can be taught in a course in insurance, but these remain isolated facts unless their relation to the whole process of business is shown. The course in elementary economics shows the necessity for insurance and its place in our economic program. Corporation finance means little without a background to make clear why the corporation is a natural development in our day, and what connection the financing of giant organizations has with public welfare. Taking a detailed course in labor problems, socialism, marketing, business organization, public finance, speculation, or business cycles, without a previous study of the whole field in a preliminary course, is like building a porch or a bathroom without ever having seen the architect's plan for the house, or even building them in total disregard of such plans.

The elementary course is an introduction, and aims to show the economic background of the present business system. Hundreds of years of trading have conditioned our present practices and principles. Against this background the elementary course projects the present-day productive enterprise with land, labor, capital and the entrepreneur as its factors. Out of this conjunction of the factors of production arise the problems connected with organization, domestic and foreign trade, and the accompanying money and banking system. Exchange leads to a consideration of value and distribution, together with the phenomena of rent, wages, interest and profits.

In the Wharton School of Finance and Commerce of the University of Pennsylvania, where the writer is connected with the elementary course, practically the entire four years of work deal directly with economics. The course in the freshman year does not aim to do more than show the basic facts of business together with the underlying principles, and to present a definite orientation of each of the specialized fields and their problems.

But objection can be raised to the study of the principles of economics in the freshman year. A student can more profitably pursue this course after he has already had two years of general college work. No one will deny this. But in a school of business, such postponement of the elementary course is impracticable; it is, in fact, not feasible even for the student in the college of arts, wishing to specialize in economics, to leave this until his junior year. In the school of commerce the introductory course must come in the freshman year or not at all. This means two things regarding its character: first, that it must be somewhat more descriptive and correspondingly less theoretical; and second, that it must omit entirely some of the most advanced and erudite theory. This is not an unmixed evil, however.

For years practical men have criticized college education as being too theoretical. They, themselves, do their work without any particular attention to theory. Doubtless they would be better business men if they were more theoretical, but after all, a liberal admixture of common sense with a clear understanding of the problems before them is the basis of success. We can, then, in the elementary course in economics afford to emphasize the practical. With an experienced instructor to give one lecture a week introducing the various subdivisions of the work, followed by two hours of recitation on assignments from standard texts and current material, a year's elementary course, even with freshmen, can present a general view of the subject which will justify its inclusion at this place in the curriculum. That such a course means mastery of the whole field no one will argue. Does even a year's advanced course in a specialized field mean mastery of that subject?

But there are those who say that the elementary course robs the later courses of their freshness. The only later course which is thus robbed is an additional course in principles that is simply a "rehash" on more advanced lines of the whole field previously presented. But why have such a second course? Every advanced course should deal with a specialized field and limit itself to this field. Then the treatment given in the elementary course will serve, as said before, to orient this specialized subject and supply a knowledge of the terms used, together with a background of necessary facts.

But is there, then, no place for a course in economic theory, pure and simple, for a course which will sound the depths of the theories of value, of marginal and specific productivity, of Marxism and socialism, and which will synthesize the basic principles of production, exchange, distribution and consumption, and knit them up into a science of social welfare? There is. Such a course every prospective teacher of economics should take, but it belongs in the graduate school. Such a course every business school student might profitably pursue, but it should not displace the introductory course. Value and its explanation, distribution, and its problems, and the reform of many economic practices, are all worthy of study, but such a summarizing study cannot and should not displace the elementary course.

The elementary course in economics is as necessary as a foundation to a house, and like the foundation it should be erected first.

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IV

One of the wisest and most successful teachers of an earlier generation once remarked, "When a man gives a course in just the same way three successive years, it is time to look for a new instructor." Complacency about one's classroom work is an insidious professorial affliction; change in one's instruction, one of the surest signs of intellectual vitality. Professor Ise's indictment of the traditional elementary course in economics is to be welcomed. His charges are too serious to be ignored; they rest upon too much experience to be lightly turned aside. The article should lead to a careful reconsideration of the aims and methods of the introductory course.

The major conclusion reached by Professor Ise is that "the course in Elements or Principles of Economics, instead of being the first course in the schedule, or nearly the first, and prerequisite to the other courses in economics, should come late, preferably in the senior year, and should be preceded by most of the other courses in economics." This conclusion is supported by two contentions: (1) that the course in principles can be more effectively taught to juniors and seniors than to freshmen and sophomores, particularly if the juniors and seniors have had previously a number of more specialized courses in the department; (2) that the introductory course in principles, now commonly made a prerequisite to other courses in economics, does not contribute substantially to an understanding of those courses. It will be well to consider these two contentions before undertaking to pass judgment on Professor Ise's general conclusion.

There seems to be no reason for seriously doubting the truth of the contention that it is easier to teach the principles of economics to seniors than to sophomores. It is to be expected that the more mature and broadly trained students will grasp more readily the general principles of any science. As a rule, sophomores will take economic theory more satisfactorily than freshmen, and seniors more intelligently than sophomores. But the issue is not as simple as this fact might seem to indicate, for the effectiveness of the entire program of economics is at stake, not merely the effectiveness of the course in principles. The question of the best sequence of courses cannot be disposed of by pointing out that any particular course can be most satisfactorily given in the senior year. The same is likely to be true, and in equal degree, of some of the other courses in economics. In other words, numerous courses compete for the position of keystone of the arch.

The validity of Professor Ise's other contention is open to serious question. The introductory course in principles, serious as have been its defects at times, would seem to aid materially the courses in economics which follow it. Indeed some understanding of principles is

essential to the later instruction as now conducted. Of course, the extent to which the more specialized courses rest upon the introductory principles varies widely from subject to subject. Furthermore the later courses depend but little, if at all, upon those parts of the introductory course which might appear on superficial examination to be most closely related—namely, the parts dealing with applied fields. The writer is in substantial agreement with Professor Ise's opinion that the anticipatory treatment of applied problems, ordinarily included in the introductory course, is essentially unprofitable. But there are other portions of the customary course in principles which are invaluable in the applied courses subsequently elected. These parts justify the use of a course in principles as a prerequisite for later work in the department.

The entire subject of the proper method and content of the course in principles will remain confused until a distinction is drawn between two types of general courses; one intended for students who propose to follow subsequently an extended program in economics; the other for students who plan to take little or no additional work in economics. (For the purposes of the present discussion the former type may be designated the *fundamental*, the latter the *comprehensive*.)

The elementary course given in most American colleges today is better adapted to serve as a *comprehensive* than as a *fundamental* course. It considers briefly the problems of the various applied fields despite the fact that most of the students will study these much more satisfactorily in later specialized courses. For the purposes of a *fundamental* course the inclusion of these applied problems seems to the writer unwise. It is justified neither on the ground that gaps in the students' programs need to be filled nor on the ground that the students should be introduced at the start to the several different branches of economic inquiry. Study of the applied fields in the general course takes too much time from other subjects which are more important if the course is to serve as a foundation for later work in economics. A brief survey of the applied fields is appropriate for the *comprehensive* course, but not for the *fundamental*.

The *fundamental* course in principles should focus on the subjects of production, exchange, and price. Undoubtedly, as matters stand today, the treatment of price phenomena is one of the least satisfactory parts of most elementary courses. This is partly because the subject-matter is in poor shape. The customary treatment of demand and supply, cost and utility, value and price, needs to be rewritten. But it is also in part due to lack of time, which in turn is due to crowding by other topics. This unfortunate pressure creates a strong presumption against the inclusion of applied problems in the *fundamental* course. The essential thing at the start is to teach effectively

the general principles of price determination. This task should be given right of way. Successfully accomplished it will give the general course in principles a definite function at the base of the program in economics. Problems of price and value (I would here avoid any controversy as to the distinction between the two) emerge in practically every applied field. Why not, therefore, devote the general introductory course—the fundamental course—particularly to the development of the essentials of the price phenomena?

The most obvious reply to this suggestion is, "It can't be done." Doubtless some such conclusion is natural in view of the discouraging results now obtained on the subject of value in the elementary course. But it does not seem to the writer that the ordinary experience is conclusive. Prevailing treatments of exchange and price and value suffer (1) partly because of the fact that they are unduly hurried, (2) partly because they are unnecessarily abstract and unreal. The subject should be more fully supported by concrete details regarding industrial and commercial organization and the technical processes of modern marketing. The mode of presenting this material in the elementary course needs to be completely overhauled. That teaching this portion of economic theory will always be difficult may as well be conceded; but that it is impossible is not to be admitted for a moment. The underlying *principles* of our subject *must* be taught if programs of instruction in economics are to rest on a broad and solid foundation.

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THE EFFECT OF OPEN PRICE ASSOCIATION ACTIVITIES ON COMPETITION AND PRICES

In the *AMERICAN ECONOMIC REVIEW* for June, 1917, there appeared an article entitled "Open Price Associations" in which the author, Professor H. R. Tosdal, discusses the historic and organic origin of these associations, their prevalence, structure, functions, legal status and probable effect on prices.¹ In this article the purpose is to consider the more theoretical aspects of the open price movement, particularly as it pertains to the competitive price-making forces.

For the benefit of those who may have no acquaintance with open price associations and their functions, it may be observed that they are in the nature of trade associations which place special emphasis on putting at the disposal of members business information, chiefly of a statistical character, calculated to give the membership an intimate acquaintance with competitive conditions as they exist among themselves and in the industry as a whole. The business facts most commonly exchanged are those relating to prices actually quoted or charged, terms of payment, manufacturing and selling costs, purchases, stocks on hand, volume of production, orders, shipments, inquiries, bids, contracts, cancellations, advertising and credits. In most cases secretaries elected by the membership do the work of assembling, compiling and disseminating this information. Meetings are held at frequent intervals to give members an opportunity to discuss all matters of interest bearing on the problems of their industry. Particular attention is likely to be given in these meetings to such factors as affect the supply and demand situation, chief among these being the prices actually quoted or charged, amount of stocks on hand, volume of production and shipments, trend of orders and the like. In properly conducted open price organizations, each member acts independently of every other member in the determination of his price and production policy. Of course he is influenced by the written reports that he receives as well as by the discussions that he hears in meetings, but these reports are carefully limited to statements of fact throwing light on actual conditions existing in the industry and no attempt is made either directly or indirectly to get members to react to this information in such a way that uniform results in the matter of production and price policy will be brought about in the industry. In other words, members are left entirely free to place any interpretation they please upon information received.

This, at least, is the construction placed upon the plan by its founder, Mr. Arthur J. Eddy, who began organizing open price associations on this principle as early as 1911, particularly in the iron and

¹*Cf.* Vol. VII (1917), p. 352.

steel, textile and lumber industries. For several years prior to his death¹ he had been making a study of the law as it pertained to the various forms of industrial combination.² Especially had he taken note of Mr. Gary's experience in attempting to stabilize the iron and steel industry by building up among competitors a spirit of coöperation through the instrumentality of the so-called Gary Dinners. He was quick to see the benefits of this coöperation provided it could be directed in such a way as to result in no violation of anti-trust laws. In studying this aspect of the situation he conceived the idea that there could be nothing illegal in permitting competitors to exchange information dealing with closed transactions. His observation of the workings of the Gary Dinner system convinced him that understandings in violation of law inevitably followed upon the heels of discussions devoted to a consideration of future prices, production policy and the like, but that exchange of information dealing only with past transactions could never be construed as being in the nature of understandings in contravention of law.³

To date, at least, the open price associations that have been organized and operated under the direction of Mr. Eddy or his successor in the practice of law, Mr. Mathews,⁴ seem to have weathered the searching glances aimed at them by the law enforcement branches of the federal government and the various state governments. But the unsavory character of the activities of certain so-called "open price associations" disclosed by the Lockwood Committee in its investigation of the building trades in New York City,⁵ together with the unfavorable decision handed down by the United States Supreme Court in the case of the American Hardwood Manufacturers' Association⁶, has had the effect of throwing the entire open price movement into disrepute—at least as far as the general public is concerned. Without attempting to pass upon the legal merits of open price activity, it may be said without fear of contradiction that legal opinion on the subject is practically at one in the belief that no principle of law and no final judicial decision condemns the formation and maintenance of an association of independent business competitors, each of whom remains free in the conduct of his business, where the purpose is to assemble, compile and disseminate information of common interest. When, however, information of this character is used to bring about agreements or understandings in restraint of trade, no matter how indirect the

¹Mr. Eddy died in 1921.

²See his book entitled *The Law of Combinations* (Appleton, 1901).

³Interview with Mr. William J. Mathews, successor to Mr. Eddy in the practice of law.

⁴William J. Mathews, practicing attorney, Chicago, Illinois.

⁵Cf. Record, New York Joint Legislative Committee on Housing, Dec. 29, 1920.

⁶U. S. *vs.* American Column and Lumber Co., et al, No. 369, U. S. Sup. Ct.

means of bringing them about may be, the activity so engaged in will undoubtedly fall under the ban of the law.⁸ It seems clear that in the recent so-called "Hardwood case," involving the American Hardwood Manufacturers' Association, the Supreme Court did not lay an embargo on members of a trade association assembling, compiling, and disseminating price and trade data among themselves. If the activities of this association had not gone beyond this point, it is thought that their open price plan would not have been condemned by the court. But the dissemination of data was accompanied by suggestions, advice and opinions on the part of the manager of statistics, calculated, as the court saw it, to bring about harmony of action in price and production policy.⁹ The court, then, objected to the manner in which the members of the American Hardwood Manufacturers' Association interpreted and administered their particular so-called "Open Competition Plan," the decision being that members intended to use the plan to restrict production, enhance prices, and unreasonably restrain free competition in interstate commerce. As previously intimated there is nothing to indicate that open price activity is necessarily in and of itself illegal. It seems clear that the court will always consider the merits of each case as it comes up for consideration and the nature of the decision will doubtless hinge on whether or not it is deemed that the exchange of information has been used as an instrumentality for achieving restraint of trade.

The character of true open price work as defined and promulgated by its founder, Mr. Eddy, having been explained, the ground is cleared for a consideration of the place occupied by the open price movement in our economic life. On the assumption that free competition in trade is the condition of trade most conducive to public welfare, is the open price movement likely to assist in giving proper play to competitive forces in industry or is it likely to prove an impediment?

In his book entitled *New Competition*¹⁰, Mr. Eddy, the founder of the open price plan, advances the thesis that truly competitive conditions can exist only when competitors are in possession of all facts having a bearing on the competitive situation, including such matters, for instance, as accurate knowledge of the volume and character of production, stocks, orders, the nature and trend of costs, prices and the like. His contention is that the possession of adequate knowledge of all facts bearing upon the competitive situation is the very essence of competition. Competition, conducted as it is today in most in-

⁸See article by H. A. Wise in the *New York Evening Post*, Mar. 25, 1922, entitled "Trade Groups Have Legitimate Purposes Under Federal Law."

⁹U. S. vs. American Column and Lumber Co., Decision of the Sup. Ct. No. 71, Oct. Term, 1921.

¹⁰A. J. Eddy, *New Competition*, (Appleton, 1912).

dustries by relatively ignorant competitors, is, according to Mr. Eddy, properly speaking not competition at all. Ignorance among competitors is largely responsible for the animosity, fierceness, brutality, ruthlessness, destructiveness and wastefulness characteristic of industrial enterprise as it is conducted today, he adds."

Mr. Eddy's statement that "the essence of competition lies in the element of knowledge" and that "it is real, true and beneficial in proportion to its openness and frankness, its freedom from secrecy" is not new doctrine in economic literature, although to the thinking of the writer its true portent has not been adequately emphasized in speech or writing. Economists have long taken cognizance of the fact that innumerable elements of friction are ever present under actual competitive conditions to prevent the law of supply and demand from working itself out as it would if they were not present. Ignorance has been recognized as one of the deterrents to an approach to a condition of free competition." In fact economists, in formulating the law of supply and demand (which, of course, lies at the basis of commercial competition) have made the explicit reservation that the law only holds if it is assumed that all interested parties are intelligent enough to know their own interest and are able and ready to act thereon." Obviously they will not be alive to their interests if they are not acquainted with all the conditions affecting the supply of and the demand for the particular commodity in which interest is centered.

Mr. Eddy does not make clear why he thinks that knowledge is the very essence of competition. The statement is undoubtedly very significant when proper interpretation is put upon it. Its importance (as the writer sees it) lies in the fact that a knowledge on the part of sellers and buyers of their own interest, implying as it does, a knowledge of all conditions that have bearing on the supply of and the demand for, a given commodity, together with the ability and willingness to act intelligently thereon, will result, according to the law of supply and demand, in similar exchanges taking place on similar terms; or to state it in terms of price, it will result in the naming of an equilibrium price "for the same unit of the same quality of the same commodity in the same market."¹⁴ This stability of market conditions which finds expression in a single price will ensue only under the conditions named. It is attainable only in theory. But such stability can presumably be approximated by putting forth systematic efforts looking toward the eradication of sources of friction. Undoubtedly one of the most

¹⁴*Ibid.*, p. 92.

¹⁵*Cf.* Taussig, *Principles of Economics*, vol. 1, p. 149; also Jevons, *Theory of Political Economy*, p. 91.

¹⁶*Cf.* Palgrave, *Dictionary of Political Economy* on "Competition."

¹⁷*Ibid.*

serious sources of friction is due to sellers and buyers lacking adequate knowledge—that is, knowledge so systematized as to make clear just what business policies the competitive situation demands.

The nearest approximation in actual life to a stability of conditions such as is attainable theoretically seems to have been achieved in the case of those commodities which have their market made on the exchanges. The reason undoubtedly is that the machinery of these exchanges, be they stock, bond, wheat, coffee, cotton or any other kind of exchanges, puts at the disposal of buyers and sellers an unusual amount of systematized information having a bearing on competitive conditions. The higgling between buyers and sellers, based as it is on a general knowledge of substantially all facts that have a bearing on competitive conditions, results in prices being named which vary very little from each other for given units of a given commodity of a given quality on a given exchange at a given moment of time. One only has to note the general confusion among buyers and sellers, manifesting itself in wide “spreads” of prices, that occurs in consequence of a temporary cessation of this exchange machinery, to know the importance of putting buyers and sellers in a position where they can know substantially all the facts of competition as well as act thereon.¹⁵ The open price plan is designed to accomplish for manufacturers what the exchanges achieve for their members.

It is a matter of common observation that there is considerable variation in the price prevailing for commodities in those cases where their market is not made on an organized exchange. This seems to be particularly true of manufactured commodities. It is a fair assumption that the “spread” in prices apparent in many if not most lines of manufactured commodities is to a considerable degree the result of buyers and sellers possessing an inadequate knowledge of market conditions. Unquestionably there are many conditions which tend to make similar commodities sell at different prices even though buyers and sellers are thoroughly acquainted with all essential facts pertaining to market conditions. This is undeniable, but doubtless the “spread” in prices will be less (whereby a closer approximation to ideal conditions of competition is achieved) when buyers and sellers are well informed than when they are not.

The open price movement has developed in response to the desire of business men to provide themselves with machinery for ascertaining the character of the forces of competition active in their respective fields of industry. Mr. Eddy asserts that his open price plan will

¹⁵At the outset of the Great War, when the New York Stock Exchange was temporarily closed, the very best of securities fluctuated violently in price. As soon as the Stock Exchange opened, these violent fluctuations disappeared, and “spreads” in prices became less pronounced.

tend to bring about a condition of true competition in the industries adopting it.¹⁶ What are the merits of this contention? Theoretically, at least, it would seem essential that any system devised for the purpose of securing more intelligence in competition should be sufficiently comprehensive to take in buyers as well as sellers. The ideal kind of competition contemplates a situation wherein all parties are intelligent enough respecting the character of competitive forces to be able to act in their own interests. However, if one group of bargainers is in possession of the salient facts of competition, but the other is not, it is safe to assume that the one will have an undue advantage over the other. In other words true competition will not prevail. Both the plan of organization of open price associations and Mr. Eddy's own statements point to the conclusion that open price work is intended to benefit the seller (particularly the manufacturer) primarily. He states that "true competition exists only where there are two or more competitors competing under conditions that enable each to know and fairly judge what the others are doing." The term "competitors" may be applied to buyers who are in competition with each other in the purchase of goods, but looking at the statement in its context it becomes clear that Mr. Eddy uses the term in its commonly accepted meaning denoting sellers in competition with each other for the custom of the buyer." The plan itself is devised entirely from the point of view of the seller. In fact one of the principal inducements for trying out the plan, as Mr. Eddy states, is to prevent buyers from misrepresenting prices that are being currently quoted.¹⁷ He also suggests that the plan will put buyer and seller more nearly "on a footing of equality."¹⁸ An outline of the steps that should be taken by the manufacturer in organizing an open price association is given. The buyer has no part to play in the organization. Buyers, to be sure, are to be permitted to attend meetings, but nothing is said about permitting them to have a part in the reporting system. The suggestion is made that purchasers might organize their own reporting system, but there is no intimation of how this could be accomplished.¹⁹ Obviously the trade statistics that they could obtain for themselves would be very limited in scope. They could compare prices paid for purchases, but they could not obtain statistics pertaining to such vital matters as amount and character of production, size, character and location of stocks of goods, etc. Those statistics could be obtained only with the cooperation of producers themselves. As a group, buyers, themselves,

¹⁶*New Competition*, p. 82.

¹⁷*Ibid.*

¹⁸*Ibid.*, p. 145.

¹⁹*Ibid.*

²⁰*Ibid.*, pp. 124-136.

seem distrustful of the plan. The secretary of the National Association of Purchasing Agents writes as follows:

I am reasonably confident that there are no associations of purchasing agents engaging in any way in open price work. On the whole the viewpoint of purchasing agents is opposed to such association activities. The real function of the open price association, as we see it, is to permit producers to charge for their commodities not on the basis of their production costs or real competition values, but on a basis of all that the market will stand. Naturally, purchasing agents cannot be expected to sympathize with this viewpoint.²¹

It is plain that the machinery of the open price plan does not put all the facts of competition before both buyer and seller in the impartial way in which it is done, for example, on the various commodity exchanges. As long as all parties concerned are not in possession of all facts relating to the competitive market, exchanges cannot be made on the terms contemplated by the law of supply and demand. Mr. Eddy's plan, then, failing as it does to provide a system whereby both buyers and sellers may be put in possession of all necessary information to make them intelligent bargainers, cannot be regarded as a complete solution to the problem of securing full and free competition in the transaction of business. Although the plan does not give promise of achieving what Mr. Eddy presented it would do, his achievement is noteworthy in that through the publicity he gave his theory and his plan, business men are coming to realize the importance and the practicability of devising machinery calculated to put them in possession of statistics needful to a proper regulation of price and production policy.

There is much speculation as to just what effect the operation of open price associations is likely to have on prices. What the actual effect has been it is impossible to say. The open price movement is but in its infancy; the fund of data based upon observation and experience is therefore likely to be inconclusive. The data are also difficult of access. In making a study of this kind it is thought that the method of approach should be, first, to compare prices obtained by members of open price associations with those received by competitors who are not members; second, to compare the prices received by the various members themselves. The object in the first case would be to determine if all members are getting the same price as non-members, or higher or lower prices, and in the second case to determine if periodic fluctuations in members' prices are more pronounced or less so than those of non-members, thus showing to what extent, if at all, prices tend to become uniform. The commodities involved would have

²¹Letter from L. F. Boffey, Secretary, National Association of Purchasing Agents, dated Feb. 11, 1921.

to be of identical kind. The investigation should cover a period of years. It should also be established that the non-members whose prices are used have had no access to the information pooled by members. Information bearing on prices received by members could most conveniently be obtained from the compiled reports of sales issued at periodic intervals to the membership by the central office of the association under study. To get accurate price data pertaining to outside competitors it would seem necessary to go to the records of the non-members themselves. No doubt it would be very difficult to obtain adequate data from a sufficient number of competitors to make these data representative. Probably few non-members could be found who have preserved records of sales for several years.

The court record in the case of *U. S. vs. American Column and Lumber Co.*²² involving the legality of the open price activities of the American Hardwood Manufacturers' Association, has thus far offered the only considerable contribution of price data available for study. In this case the defendants introduced several charts indicating prices received during the year 1919 for different kinds of hardwood by competitors who were not members of this association.²³ In addition they introduced copies of all sales reports compiled and disseminated by the manager of statistics during this year.²⁴ This was done in order that comparisons might be made between prices charged by members and those charged by non-members, the contention of the defendants being that such comparison would reveal that members were neither maintaining fixed prices nor obtaining prices any higher than those received by outside competitors. In studying these data and other sales data furnished him by this association, the writer found difficulty in extracting price data from reports of members' sales which were comparable to the data contained in charts showing prices received by non-members. The reason for this difficulty was that kinds, grades and thicknesses of lumber did not correspond. Only in the case of one outside competitor was it found possible to make a direct comparison of prices received by him with an average of the prices received by members.²⁵ The comparison disclosed that the average prices received by members of the association for the year 1919 were no higher than those received by this particular non-member. A comparison of the average weekly prices received by three leading members of the association for the period from July 26 to December 27 of the year 1919 revealed that prices received by each of these manu-

²²*U. S. vs. American Column and Lumber Co., et al*, No. 369, U. S. Sup. Ct.

²³Transcript of Record, *U. S. vs. American Column and Lumber Co.*, Vol. 3, pp. 1509, 1513, 1518, 1898.

²⁴Record, Vol. 1.

²⁵*Of. Record*, Vol. 3, p. 1509.

facturers varied widely from time to time. The inference deducible from these comparisons would seem to be that open price work in the case of this particular association did not enable members to exact higher prices as a group than outside competitors were able to exact, nor did their activities result in price uniformity. In truth the data are too meagre to be conclusive on these points. In justice to the association, it should be added, however, that several purchasers of hardwood lumber signed affidavits to the effect that the prices paid by them to different members were neither uniform nor were they any higher than those paid to non-members.²⁶

In this connection it must be pointed out, however, that the price data taken from the association reports of sales cannot properly be used as a basis for determining the effect of open price activity on prices, because only to a very small extent did members use the sales reports issued in 1919 as a guide to the trend of the market, for by the time that they were received from the manager of statistics (a week or two subsequent to the time when the sales listed were made) current market prices had advanced so far ahead of those listed on sales reports, that the latter, if they had been taken as a guide, would in a great many instances have resulted in sales at prices below the current rate.²⁷

It is significant that the small manufacturers apparently derived benefit from even these tardy sales reports. As previously stated, the prices listed on the sales reports were below the best market prices then prevailing, yet they were higher, apparently, than the ones these small manufacturers had been accustomed to receive prior to their entry into the association. Of the numerous letters received by the manager of statistics in commendation of the open price plan, all of those which pointed to the fact that the plan had enabled members to get higher prices were from small manufacturers.²⁸ An unprecedented demand, accompanied by a shortage of supply, resulted in such a rapid advance in prices that the sales reporting system proved unequal to the task of keeping members properly apprized of the latest price developments. Obviously, then, the study made by the writer reveals nothing of importance respecting the influence exerted by the open price system on prices except in so far as the group of small manufacturers is concerned.

In the absence of adequate data one is tempted to indulge in speculation as to the probable effect of open price activity on prices. It has been argued above²⁹ that a knowledge on the part of buyers and sellers of their own interest, implying a knowledge of all conditions

²⁶*Cf.* Record, Vol. 2, pp. 1367, 1372, 1394, 1395; Vol. 3, p. 1563.

²⁷*Cf.* Record, Vol. 3, pp. 1661, 1639, 1633.

²⁸L. C. Boyle, Argument before the Supreme Court, p. 68.

²⁹See pp. 260-261.

that might have a bearing on the supply of and the demand for a given unit of commodity, together with the ability and willingness to act intelligently thereon, would result in similar exchanges taking place on similar terms. Jevons expresses the same thought when he says that "in the same market, at any one moment there cannot be two prices for the same kind of article."³⁰ The concept here conveyed is undoubtedly at the basis (consciously or unconsciously) of the arguments of those who contend that open price work enhances competition and stabilizes prices."

If all the factors in operation in the case of open price activity are identical with those which express themselves through the operation of the law of supply and demand, it seems reasonable to conclude that open price work would lead to exchanges taking place on similar terms, with uniform rates emerging as a matter of course. To be sure it is conceivable that price uniformity can emerge through association work, despite differences in the factors at work, but it is not thought that such uniformity will ensue as a result of sellers acting inde-

³⁰Jevons, *The Theory of Political Economy*, p. 91.

"By way of illustration of the point of view that open price activity tends to stabilize prices, an extract from a report rendered to members of the American Hardwood Manufacturers' Association by a committee appointed to look into the merits of the open price plan and devise a system applicable to the hardwood industry is quoted: "By making prices known to each other they will gradually tend toward a standard in harmony with market conditions, a situation advantageous to both buyer and seller. The Committee does not expect this plan to result in one price for any one grade and the difference between even the same grades of various manufacturers is well recognized. It is contended, however, that in a very short time the extreme range of prices on any one grade will be materially reduced and eventually the prices obtained will be in direct relation to the character of the grade offered and the prevailing market conditions," (*American Lumberman*, Feb. 30, 1917). The Forest Service of the U. S. Dept. of Agriculture also concludes that open price work tends to unify rates. See *Report on Timber Depletion, Lumber Prices, Lumber Exports, and Concentration of Timber Ownership*, June 1, 1920, p. 68.

The view that open price work increases competition may be illustrated by an extract taken from testimony given by W. M. Stark, a manufacturer of hardwoods, in the Hardwood case: "Affiant says that from his observation of the Open Competition Plan, he is convinced that there is nothing whatever in the nature of the plan itself or its use by the American Hardwood Manufacturers' Association which has tended or will tend to suppress or restrict competition, but on the contrary, it tends to create a freer and broader and more unrestricted market in which all sellers and buyers may and do freely, actively and intelligently compete. While knowledge of market conditions will naturally and properly enable some persons to sell to better advantage than if dealing in the dark, this is only an incident of an open market against which should be considered the general effect on market conditions as a whole and in the long run. From this aspect, information which directs the production and selling efforts of lumbermen to supplying the market needs for which and market points at which there is the greatest demand, necessarily increases competition and works for the benefit of the buyers and consuming public. Obviously and properly, it also works for the benefit of the lumbermen, as they can only profit by supplying the demand." Record, U. S. vs. American Column & Lumber Co., Vol. 2, p. 1260.

pendently of each other in their capacity of bargainers, but rather that it will come as a result, not necessarily of direct agreement, but of the power of suggestion, perhaps, conveyed to members by precept or example emanating from leaders in the industry. It is possible to conceive of price uniformity being achieved even without premeditation, if members form the habit, for instance, of guiding their price policy by that of one or two of the outstanding leaders in the industry. In fact the consummation of such a result may be facilitated by the every ignorance of buyers. Lacking the power that comes with knowledge they are likely to look upon the competitive situation which confronts them as being unchangeable, and may accept such prices as are quoted them out of a spirit of helplessness born of the feeling that they are powerless to do otherwise.

It has been argued above²² that the seller, through his membership in an open price association, enjoys an advantage over the buyer in consequence of his superior knowledge of market conditions. It seems probable that this advantage would put members in a position to exact higher prices than they could were buyers equally well informed or were open price activity not existent.²³

This conclusion, however, is based upon the assumption that members are able to press their advantage to the limit without hindrance. Such a situation, of course, obtains only in theory. This invites the question: To what extent in practice may open price associations be able to utilize the theoretical advantage enjoyed by them in consequence of their superior facilities for obtaining adequate market information? The task involved in bringing to light the numerous influences that are undoubtedly wrapped up in this situation is one that is difficult, if not impossible, of achievement. Those influences that do suggest themselves are of sufficient significance to make it clear that as a matter of practice members of open price associations find it pretty difficult to utilize their superior knowledge to the end of imposing higher prices upon the buyer.

Influences at work tending to minimize the effect of open price work on prices can be traced to the following sources: first, defects in the operation of the reporting system; second, failure of members to utilize the information conveyed to them through the reporting system; third, the limited sphere of control exercised by open price associations.

Defects in the operation of the reporting system manifest them-

²²See pp. 262-263.

The Federal Trade Commission in a report submitted to President Harding, April 17, 1921, is quoted as saying, "The collection and public dissemination of statistical data might make the operation of such associations [open price] of benefit to the producer and consumer alike, but unfortunately the tendency is here manifested to confine the information to members," *Chicago Tribune*, April 18, 1921.

²³See statements of L. F. Boffey quoted above (p. 264).

selves chiefly in the following ways: first, by incomplete standardization of the articles about which price information is exchanged, making price comparisons more or less worthless; second, by the unreliable character of information collected and disseminated. Obviously price comparisons are to a considerable degree futile if articles about which price information is exchanged are not comparable in every respect. Differences in size, shape, quality, workmanship, and the like, are bound to express themselves in differences in price. Where these differences persist, there is lacking the common basis for comparison that is needed if interchange of information is to have any effect on the course of prices. Standardization sufficiently adequate to make prices comparable is difficult of achievement.

Conversation with open price association officials and members reveals that interchange of information is frequently seriously impaired because members turn in inaccurate or misleading reports, or because the compiled reports issued from the central office reach the membership too late to be of much use as a guide to the trend of market conditions. If for any of these reasons members become distrustful of the reliability of the sources of information which they receive, they are likely to act independently of that information and in consequence prices are influenced less than would otherwise be the case.

Failure of members to utilize the information conveyed to them through the operation of the open price system may be due either to a deliberate disregard of such information, or to inability to interpret it, or to inability to act upon it even though understood. One secretary writes that members have frequently addressed letters to him inquiring what ruling prices for certain commodities were, whereas the sales reports containing this information were probably lying on their desks at the very time when they were mailing their letters of inquiry. Many members, no doubt, disregard the reports that they receive because they are unwilling to spend the time that is necessary for their proper interpretation. Doubtless there are also those who cannot understand the reports. More often, perhaps, information is not utilized because members find themselves unable to act thereon. Reports of production and stocks for the industry, for instance, may point to the desirability of curtailing or ceasing production for a period. But the necessity of meeting heavy overhead expenses may force the unfortunate producer to continue operations on the old scale. Assuming that these reports should point to a probable future glut in the market, the normal tendency would be for each member to put the brakes on production, and conversely, if they should point to a probable future scarcity, production would be accelerated. In either case prices would tend to run on a more even keel in consequence of this regulation of production. But obviously no such result will follow

unless members are free to react in the manner indicated. Failure to utilize information for one reason or another is therefore another factor operating to prevent open price work from influencing the course of prices.

There is reason to believe that because of the serious obstacles operating to prevent the spread of open price activity, particularly in the larger industries where competitors are likely to be numerous, open price associations do not find themselves in positions of control in their respective industries. The lumber industry, perhaps, offers the most conspicuous example of the attempt to secure coöperation among a large body of competitors under an open price plan. Even in the most successful association of the many in the lumber industry doing open price work, the American Hardwood Manufacturers' Association, it was found well-nigh impossible to secure sufficient coöperation among competitors to make the plan reasonably successful. Early in the year 1919, after an existence of about two years as a consolidation of two associations that had existed for several years previous, the membership had nearly reached the four hundred mark. This membership controlled but twenty-eight per cent of the total hardwood production of the industry.³¹ There were some 12,000 to 15,000 independent hardwood sawmills altogether.³² It is apparent that such statistics of stocks, production, etc., as were reported by members would not give totals which could be considered representative of the hardwood industry except in a very crude, inaccurate way. Of course, statistics are not available to show what percentage of production is under the domination of open price associations in the other industries where they prevail, but it is believed that their history in the larger industries, at any rate, is not unlike that obtaining in the lumber industry. The coöperation required is of a most intimate and unprecedented kind. Even the most intelligent business men find it difficult to grasp the spirit of coöperation which obliges them to lay bare before competitors statistics intimately related to their own businesses. Distrustful and suspicious of the motives of competitors as many of them are, they are not easily induced to take membership in associations of this character. The expense of membership may deter some from joining. Others may be deterred by a fear of arousing the hostility of customers who may view their open price activities with suspicion. Still others demur because they fear government prosecution or because they believe the open price system to be an unlawful price-fixing scheme.

If the sphere of control is limited by inadequate membership, the influence exerted on price movements would seem to be of little effect.

³¹U. S. *vs.* American Column and Lumber Co., Argument of L. C. Boyle before the Supreme Court, p. 6.

³²*Ibid.*, p. 85.

In addition to the power exerted over prices by those who are not association members there is also the presence of indirect and potential competition to contend with. By reason of the danger of competition from substitutes and new capital, prices are likely to be confined to narrower limits of variation than would otherwise be the case.

If the sphere of control is insufficient to permit the educating influence of the association to be felt by competitors in whom are represented a substantial proportion of the total productive capacity of the industry, it appears more than probable that the competitors outside the sphere of this influence will be as instrumental in determining the price situation as association members—or even more so, perhaps. Competitors outside the ranks of membership are presumably less well informed about conditions affecting the market than are members. As a class their knowledge of the costs of doing business is presumably less thorough.³⁶ Lacking information bearing on the character of the competitive situation, and being relatively ignorant of costs, it is probable that in their anxiety to make sales they will permit themselves to quote lower prices than they would if they were acquainted with all the facts. The disposition of many buyers to take advantage of the ignorance of sellers, inducing them through misrepresentation to quote lower prices than competitive conditions warrant, gives added weight to this prediction.³⁷ Knowledge brings power. Lacking knowledge, it becomes almost a certainty that competitors outside the ranks of membership in an open price association will obtain lower prices than those inside. If low-price competitors are present in an industry in sufficient numbers they are likely to exert the determining influence in the establishment of market rates, for customers will generally give their custom to those who make the best prices, assuming that all other conditions entering into the situation are equal. The fact that all other conditions are not on a par of equality probably accounts in some degree for the fact that prices which are recognized as being typical of the market are somewhat higher than those secured by the lowest-price competitors. For one thing, the lowest-price competitors may lack the necessary productive capacity to handle a large volume of orders; then too, their product may not be up to standard, or they may be unreliable in some other way. Of course the low-price com-

³⁶Mr. Hurley, former chairman of the Federal Trade Commission, has stated that only 10 per cent of manufacturers and merchants know the cost to manufacture or sell their products; that 40 per cent estimate what their costs are and 50 per cent have no method of determining their costs but price their goods arbitrarily. See article in *Metal Worker, Plumber & Steam Fitter*, Vol. 121, Jan. 9, 1916, p. 473.

³⁷A number of small operators belonging to the American Hardwood Manufacturers' Assoc. testified that prior to their entry into open price work they had been made the victims of misrepresentations of this character. See Argument of L. C. Boyle before the U. S. Sup. Ct., *U. S. vs. American Column & Lumber Co.*, pp. 44, 70.

petitors who sell below their cost of production through ignorance of costs will not in the long run survive; but it is not improbable that in many industries a new crop of producers equally as ignorant of costs and market conditions appear in their stead, thus tending to continue the depressive influence on prices that makes competition so difficult for members of the association in the industry or for other well-informed competitors who have a due regard for their costs and market conditions. These low prices expose members to the danger of losing some of their custom. If the productive capacity represented by these outside competitors is sufficiently great, members may be compelled to place their rates in line with theirs in order to insure for themselves the share of business to which they have been accustomed.

Many instances will be found where individual members have succeeded in getting better prices as a result of participation in open price work.³ That does not mean, however, that the association (assuming that it does not have a controlling influence in the industry) has succeeded in raising prices in the industry as a whole, nor is it probable that in the instances where members have been able to secure better prices, these prices have been any higher than the ones current among outside competitors.

Summing up the points that have been made regarding the probable effect of open price work on prices we have the following:

1. Although theoretically members of open price associations can take advantage of their superior knowledge of market conditions to exact higher prices from the buyer than would be possible if the latter were equally well informed or open price work were non-existent, yet in practice it is thought that in most industries of the larger type, at least, buyers suffer no such disadvantage, for the reasons, first, that the effectiveness of open price associations is compromised by defections in the open price system itself and by slackness in its manner of use by members; second, that the sphere of influence of open price educational activity is probably in most cases too limited to overcome the influence exerted on prices by (1) outside competitors, (2) potential competition from substitutes or new capital.

2. Although open price work probably has not operated to raise the general run of market prices extant in the industry as a whole, in certain individual instances better prices have been secured, these inuring in the main to the smaller producers, who, prior to their entry into open price work, are seldom able to exact prices recognized to be the current market rates, but find themselves more able to do so in consequence of the better acquaintance with market conditions derived from membership in the open price plan.

3. Rates are not likely to attain any degree of uniformity (except

³See p. 266.

in so far as the higher prices secured by low-price competitors through participation in open price work contribute toward such uniformity) unless members exercise a controlling influence over the industry, in which case uniformity may be attained, not through freer competition ensuing from a competitive situation in which both buyers and sellers are conscious of all influences affecting demand and supply and are therefore awake to their interests, as is held in contemplation by the law of supply and demand, but through the very ignorance of buyers, resulting in docile acceptance of a rate made more or less uniform, if not by direct agreement among members, perchance by the power of suggestion, emanating from leaders in the form of precept or example.

The weakness of open price activity from the point of view of the welfare of consuming interests is attributable to the fact that buyers are not equally fortified with sellers in the competitive struggle; they lack access to the channels of business information enjoyed by their opponents. In practice the peril would not seem to be great unless an open price association enjoys a controlling influence in the industry with which it is identified. It is under such a circumstance that attempts to enhance prices directly, or indirectly through curtailment of production, carry the best prospects for successful accomplishment. Success or failure in enhancing prices probably would then hinge mainly upon the effectiveness of the restraining influence exerted by potential and indirect competition. It is conceivable that a considerable margin of increased profit might be obtained, if not permanently, at least for extended periods of time, before new capital would be attracted into the industry or a resort made to the use of substitutes. These enhanced prices might ensue solely as the result of the advantage enjoyed by members over buyers in the way of superior knowledge of market conditions, no resort to collusion being made. However the temptation to pool knowledge in such a way as to accomplish price enhancement by means of collusion would be exceedingly strong, as is admitted by the staunchest defenders of the open price plan, the inducement being especially great by reason of the fact that members would be aware of their controlling influence in the industry. Collusion might be achieved in a manner so subtle as to defy all detection by officers of the law.

It may be assumed that the end and aim of all open price associations is to achieve control over as large a percentage of the industry in which interest is centered as conditions will permit, if for no other reason than that adequate forecasting of business conditions hinges on the possibility of accumulating data from a sufficient number of competitors to be representative of the industry as a whole. If this is the logical end of the open price movement, what may be said respecting the proper destiny of open price work? One consideration seems para-

mount: irrespective of whether it is or is not found feasible to permit associations of business men to engage in open price work, the work itself must not be abandoned. The information side of business is rapidly becoming an exact science. The trend of the times is in the direction of greater insistence upon the accumulation of precise and accurate business information of a statistical character. A mere statement that business is good or business is dull will not for long be accepted as a sufficient criterion of the trend of business conditions. Manufacturers as a class will not be long in insisting on having at their finger tips actual figures for their industry, showing, for instance, the increase or decrease in production from a known standard; the increase or decrease in unfilled orders, and the increase or decrease in raw materials and finished product on hand—all this in order that they may have an index to the volume of trade. Among other things manufacturers are coming to learn that in order to avoid to the greatest practicable extent the periodic disturbances to production that come from unrestrained overexpansion, now recognized to be largely due to a general lack of broad insight into business conditions, they must possess themselves of information of this statistical character.

It behooves government officials to come to a full realization of the fact that it is a mistaken public policy, and is also utterly futile, for them to attempt the task of forcing business men to compete in ignorance and secrecy. Our hope for improving competitive conditions lies, not in forcing business men to conduct their businesses like moles, but in giving them all the enlightenment possible as to the factors that influence the competitive situation. The open price movement has no doubt sprung into existence in response to the growing desire of business men to govern their business operations intelligently in the light of existing business conditions. They have tried to do for themselves what the government does in a small way for the farmers. At great expense to itself, the government issues crop reports to the farmers for the express purpose of enabling them to market their products more intelligently. Since it is clear that an approach to more wholesome competitive conditions must come through the wider dissemination of more exact knowledge of the factors influencing business conditions, it seems ill advised to force associations whose efforts are dedicated to these purposes to cease their activity on the ground that prices happen to be increased thereby"—unless the government is pre-

*This conclusion is based on the assumption that there is no violation of the principles of practice as laid down in Mr. Eddy's open price plan (the original open price plan). This countenances none other than an independent use, on the part of each member, of the business information imparted to him through the channels of the association.

pared to assume the responsibility for seeing that open price work of equally efficient character is carried on by some less objectionable agency, either private or public. To put a ban upon open price activities without offering something in their stead would tend to discourage a valuable incentive directed toward the achievement of greater efficiency in bargaining. The greater the development of efficiency in bargaining, the nearer is the approach of actual competitive conditions to ideal competitive conditions.

If future observation and experience point to the conclusion that members of open price associations are securing too liberal returns on their investment in business education, at the expense of the ignorance of buyers, the proper solution would seem to lie, not necessarily in prohibiting them from engaging in open price activity, but in widening the sphere of open price influence so that not only members of open price associations may receive the benefit of it, but also all others who have a direct interest in the competitive situation. With all bargainers equally well equipped with scientific business information, no group of men associated for the purpose of disseminating information of this character among its membership would be in a position of dominance in any industry, for they no longer would possess a monopoly of such information. If the necessary machinery could be constructed for putting both buyers and sellers in every industry in possession of all information necessary to make them intelligent bargainers, one of the most serious causes of friction of the many that now prevent actual competitive conditions from approaching ideal competitive conditions would tend to be eliminated. Whether the function of collecting, compiling and disseminating business statistics should be left in the hands of associations of business men in each of the industries, without, however, confining membership to one bargaining group as is now the case in the manufacturing field, but extending it to include the group of buyers, or whether this function should be turned over to the government to administer, is a question that will not be discussed here. The perplexing and complex character of the issues here involved are such as to call for independent treatment.

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THE STABILIZATION OF GOLD: A PLAN

In proposing an international convention, for the restoration of gold as the common standard of international trade, the Economic Section of the Genoa Conference of April, 1922, presided over by Sir Robert Horne, the British Chancellor of the Exchequer, said:

The purpose of the convention would be to centralize and coördinate the demand for gold, and so to avoid those wide fluctuations in the purchasing power of gold which might otherwise result from the simultaneous and competitive efforts of a number of countries to secure metallic reserves.

And again, in Section 11 of these resolutions, the Committee accentuated this proposal when it declared:

Credit will be regulated not only with a view to maintaining the currencies at par with one another, but also with a view to preventing undue fluctuations in the purchasing power of gold.

The Committee framing these resolutions comprised some of the ablest economists of Europe. As to the first resolution, several facts may be noted:

(1) The metallic reserves of England, France, and several other of the chief commercial nations, are, like those of the United States, greater today by far than before the War.

(2) The aggregate value in gold of the more stable of the depreciated currencies, like those of France, Belgium, Italy, Czecho-Slovakia, etc., tends to be roughly equivalent to the value which their pre-war currencies had in gold (though their purchasing power would show a depreciation by about one third, just as does that of the United States, due to the universal decline in the value of gold in goods).

(3) It follows that the stabilization of the principal currencies of Europe at or near their present gold parity would involve no great demand for metallic reserves, as for the most part these are now ample.

(4) The currencies of France, Belgium, Italy and some other nations are depreciated by 70 per cent or more. The return of these currencies to pre-war gold parity, without scaling their outstanding debt proportionally, would involve such a colossal enhancement of this burden as to be almost inconceivable. The burden of taxation necessary for such a step would be overwhelming.

(5) The currencies of seven or eight of the principal commercial countries of the world are now above or very close to their former gold par: England, Holland, Switzerland, Sweden, Spain, Argentina, Uruguay, Japan, and we may also include Canada, since it has an independent currency system. Scarcely any of these countries require a larger metallic reserve than they now possess.

(6) Some of these countries, like Sweden and the United States,

have redundant gold reserves, the excess gold of this country alone amounting now to nearly two billions of dollars. Sweden has done its best to prevent the further increase of its gold reserves, and the United States would be vastly better off if it could lose a full half of its present gold stock.

It seems to follow that: *There does not seem now, nor for years to come, more than a remote chance for any kind of "competitive effort" of the nations to secure further gold reserves.*

So far from this, it is now clear that for nearly twenty years before the War there was an excessive production of gold, adding needlessly to the world's metallic stock and accomplishing nothing but an inflationary rise in prices, amounting in the United States, according to the Bureau of Labor index, to a full 50 per cent within a space of fifteen years, from 1897 to 1912. This excessive production still continues.

This rise in prices in the twenty years before the War was world wide, and therefore nowhere due to local conditions. It follows that there is now, as there was before the War, a redundant quantity of gold in the world; and the chief fiscal problem of the nations is not how to "conserve" this gold but how to impound it or otherwise prevent it from promoting further inflation.

Nowhere is this problem more acute than in the United States. The reasons for this are as follows: (1) The lowering of the reserve requirements through the establishment of the federal reserve system, especially by the war amendments of June, 1917, aimed to "economize" the use of gold for bank reserves in the United States; and it was estimated that we might easily dispense with, or "release," from 200 to 300 millions of dollars in this way. (2) Instead of this, the War and its aftermath have brought us near to two billions of *additional* gold, bringing our estimated gold holdings up, now, near to four billions, in dollars. All the rest of the monetary stock of the world is only a little more than this. It is fair to say that a more fantastic financial situation probably never developed in any modern commercial nation. (3) So far from any present prospect of losing any large part of this excessive gold hoard within the near future, the probabilities seem to be that, unless we should indulge in very heavy loans to foreign countries, we may possibly gain rather than lose gold in the next few years. The balance of foreign trade, and now of interest and other payments, is still clearly in our favor, and the only way now that we could lose much of this gold would be through another great inflation of prices in this country, like that of 1919-1920, and a consequent drastic curtailment of our export trade.

Both of these latter possibilities might easily entail another financial depression in the United States, and work great hardship. Yet only a few of our statesmen or economists have given serious attention to this

curious predicament, or to what might be done to avoid the consequences of this excessive load of gold.

Various proposals have, indeed, been made as to what this country might do: (1) Impound an arbitrary amount of this gold, *e.g.*, a billion dollars, and remove it from the reserve account of the federal reserve banks; or (2) Open large credits, *i.e.*, make large loans to approved central banks in Europe; or (3) Establish branches in London, Paris and other points abroad, as is permissible under the Federal Reserve act, and through these purchase foreign bills to the amount of a billion dollars or more, or simply buy these bills through the central banks of London, Paris, and elsewhere; or (4) Make large gold loans to those foreign nations which will undertake to redeem their currencies in gold and lift any embargo upon its free exchange. It is obvious that all of these various proposals are designed to meet a momentary situation; that they are simply expedients and not an endeavor to dominate the situation through the working of a well-established economic principle. Yet, such an effective principle is at hand, as I shall endeavor to show.

It is well known that, in a country like the United States, the general level of prices, so far as this may be ascertained by the various indices of prices, and even prices at wholesale taken over a sufficient period, is narrowly dependent upon the total purchasing power of the nation, which is largely represented by the total of bank deposits. In turn, these deposits, save for the import from abroad of gold or other currencies, are largely created by bank loans; and the total of the liabilities thus established is narrowly limited by the amount of bank reserves. Formerly this was the actual gold or specie reserves of the banks. Now it is largely the amount of gold, and other specie, held by the federal reserve banks. In other words, in a broad way and in normal times (not through and since the War) the average of all prices is proportional to the banks' reserves of gold.

The proposal here in view is to reverse this sequence and utilize the average of prices to limit the gold reserves, and then impound the surplus for the fund hereafter described. This could be done in the following way:

We now have an admirable set of indices of prices at wholesale, and especially the Department of Labor index; and these indices, it has been shown by the exhaustive researches of Fisher, Mitchell, Persons, and others, are accurate and reliable to a degree no one had ever before believed. Side by side with the indices of wholesale prices we have others of retail food prices; of the estimated cost of living in a skilled worker's family; of artisans' and unskilled workers' wages; of the current volume of mine and factory manufacture; and of the degree of employment in the chief industries of the nation.

Finally, it would not be difficult now to construct a tolerably accurate and reliable index showing monthly the state of trade or of general business activity, and such an index is now in preparation.

With the aid of all these, one checking the other; the volume of production and trade checked by the index of employment; the cost of living by the average of wages (they cannot long remain far apart); and finally the ratio of bank deposits to the general price level, it should not, in turn, be difficult to establish an index figure wherewith automatically to control the amount of currency to be issued, and therefore, as here proposed, the total of bank credit.

We still cling to the fetish of a "gold standard," despite the fact that for more than a century many of our ablest economists and approved financial writers have seriously considered other and more stable standards of value. More than a hundred years ago Ricardo, the greatest of them all, laid it down that the ideal currency would be a strictly limited paper currency, the amount or volume of which should not be determined by the caprice of the production or quantities available of this or that precious metal.

Now, in Ricardo's day index numbers, so highly perfected and so universally in use in our own time, were practically unknown. Ricardo's proposal was that the volume or quantity of the issue should be regulated by the state of the exchanges—that a depreciated exchange should indicate a redundancy of issue, and an appreciation, a deficit. This method might serve very well in a country like England, whose foreign trade and especially whose foreign monetary exchanges form so large a part of the total trade and exchanges of the nation. It could scarcely serve so well in a country like the United States, where upwards of 92 per cent of her total of products are consumed at home, and whose international monetary exchanges are still, speaking relatively, extremely small—possibly not more than 1 or 2 per cent, at the outside, of the total of the monetary exchanges of the country.

In the quite astonishing array of index numbers which we now possess, of wholesale and retail prices, wages, production, employment, wholesale and retail trade, volume of goods transported, etc., coupled with most exhaustive bank statements for the whole country, we now have a far more accurate and reliable guide for automatic determination of the currency issue than the foreign exchanges could possibly be; so accurate, indeed, that we now know definitely when and at what rate our currency is depreciating or appreciating, and have little or no need to refer, for this, to the foreign exchanges, as in Ricardo's time.

But it will at once be said that this is virtually abandoning the gold standard. The answer is that it is nothing of the sort. Every dollar of our currency would still be redeemable in gold to the last dollar of gold we possess. And all of this currency would then be, as

it is not now, fully redeemable, and full legal tender, and the sole legal tender of the country. The only difference whatever would be that we would substitute a strictly limited gold standard currency for gold itself in our bank reserves, and thus practically double the amount of gold available as a redemption fund for the currency itself. That would be all.

So far as practically any citizen of the United States is concerned, he would in his daily transactions never know the difference, for there is next to no gold in circulation, or even in the banks of the United States. We now have gold certificates and federal reserve notes, which are practically gold certificates; and national bank notes, which are redeemable in gold; and we should have all of these still, unless we should desire to consolidate all of these issues into a single kind. What then should we do with our 4 billions in gold? First of all, it would serve exactly as it does now, as a fund for the redemption of any kind of currency issued by this country. There would not be the slightest restriction, as there is none now, upon the withdrawal of any amount of gold, upon presentation of these currency notes. Second, it would serve, exactly as it does now, as a fund for the settlement of foreign exchanges. Simply it would no longer serve *directly* as bank reserves. Therefore, the whole of our gold fund would be available for the two purposes for which it is most desirable, *viz.*, for the maintenance of our currency at a gold par, and secondly for the settlement of our foreign trade balances.

But consider the vital difference which this change would make in the present situation. This gold fund could then grow as high as Haman's gallows, but it could not hang us in the noose of a huge inflation, as it threatens now to do. It could then no longer threaten the wreck of our prosperity and the fortunes of millions of men by the depression which a great gold movement outward might easily precipitate. The capricious inflow or outflow of gold would no longer determine our price level. We could lose a billion of gold in twelve months without undermining credit, paralyzing industry, and without putting millions of men out of gainful employment, as this outflow of only 400 millions strongly helped to do in 1920.

With the general level of prices established upon an even keel, the prices of individual commodities and wages and salaries and interest rates would indeed fluctuate widely among themselves, just as they do now under the varying pressure of demand and supply, but in a greatly lessened degree. But instead of having a topsy turvy situation, such as we have now, with prices at wholesale about 60 per cent above pre-war level; the cost of living about 60 per cent, common wages about 80 per cent, and factory earnings about 100 per cent higher; and farm products, and especially grain prices, only 40 per cent higher; all of

these would tend mutually to equalize about something like a common level, wherein the prosperity of every class and section of the country would be assured.

We should no longer have interest rates reaching as high as 8 and 9 and 10 per cent, even for established enterprises, and 4 or 5 per cent twelve months later, as was the case in 1920 and 1921; or at least this would be, with a federal reserve system conducted wisely and with foresight, an extremely rare occurrence.

We should no longer have an appalling and endless number of strikes and wage disputes, and tie-ups and traffic blockades; for almost every strike and wage dispute grows out of a changing level of the purchasing power of money, and if this level of purchasing power can be made fairly stable, a large part of our labor troubles, so called, would disappear. And with this would come a corresponding opening to all the talents of our inventors and discoverers and engineers and efficiency and production experts, giving them a wide-open opportunity to get at ways to enhance the man product per hour; to distribute the product more equably; to diversify and lighten human toil.

But the fruits of this sweeping change would not accrue to the United States alone. They would, by virtue of the strange and almost miraculous situation in which this country finds itself at the present time, accrue almost equally to all the other commercial nations. For it is in our power, by virtue of our vast hoard of gold, to stabilize the price level, not merely for this country but practically for all international trade; and this means practically for all the countries with which we do business.

I have already noted that we possess now nearly half the world's visible stock of monetary gold; and I have shown likewise that this total stock of the world's gold is not merely adequate for all our purposes but even, to some extent, redundant and liable to cause a further inflation of price levels if it is allowed to wreak its natural effects under our present system of leaving the purchasing power of our currencies more or less to the caprice of gold discoveries and mining costs.

We have nearly 4 billions of the yellow metal; all of the other nations only 4 or 5 billions more. Supposing that our prices are now or should be, at the time when we introduced the new system, a little above the level of the other principal countries. Then obviously our export trade will tend to decline, our imports to augment and the balance of trade to be turned against us just as it always has been. And then, precisely as now, we should lose gold.

Let us even suppose that we lost a billion. At the present time such an outflow from this country might easily precipitate a crisis and perhaps a prolonged depression like that of 1893-1898 in the United States. But instead of this we should simply then have 3 billions in

our gold redemption fund (still vastly more than we need) instead of 4 billions; and the rest of the commercial countries would have 5 or 6 billions of gold instead of 4 or 5, as now.

In the commercial nations that had then returned to the gold standard and a free gold exchange, the volume of their gold would broadly determine their general levels of prices; and under the system of free exchange these price levels would be very nearly the same, just as they were for a century before the outbreak of the World War (and just as they now are, very nearly, measured in a common standard of gold).

An increase of a billion dollars in the gold holdings of these nations would in due course raise their price levels by an average of from 20 to 25 per cent. The effect of this rise in prices would be almost inevitably to bring on a speculative boom, which would carry their price levels above those of the United States. Then the tide would be reversed, just as, generation after generation, it has been in all international trade. Again their goods would become dear to us and ours relatively cheap to them. Again, the balance would turn in our favor. Again the gold would flow back to the United States. But not into the ordinary channels of trade. Not into the banks, as now. Not into the federal reserve system. Not into any channel where, as is now the case, it could produce a profound revolution in prices and an utter upsetting of all our economic and social arrangements, as did the import of a total of two billions of gold during and since the War in this country.

Under this new arrangement the gold would flow back into the gold redemption fund, because gold metal, of itself, would no longer be legal tender in this country, nor lawful bank reserves. And there it would stay until it was again required for the needs of international trade, or such mild demands as were made upon it by timid people who would rather possess stamped bits of the yellow metal than certificates of equal purchasing power, exactly such as we chiefly carry about now. The whole billion could flow back and it could produce no disturbance of the price levels, promote no wild orgies of speculation, such as a general rise in prices always brings about, and seems to threaten again at this very moment. This billion could come, and yet another billion more, and, conceivably, yet a billion beyond that; and still it would produce, neither in this or in any of the other countries, any deep disturbance of the economic or social order.

And now as to the need: Speaking in 1919, with the havoc wrought by the War's upheaval in mind, and only dimly visioning the world-wide collapse that was soon to follow, Wesley C. Mitchell, one of our ablest and best-balanced economic minds, had this to say:

One cannot conclude a survey of the violent changes in prices during the

War and of the grave uncertainties of the near future without reflecting upon the badness of the best existing monetary systems.

The United States has maintained the gold standard without serious limitation and has reorganized its banking system on approved lines. Nevertheless we have had price fluctuations almost as violent as those of the greenback period.

These fluctuations have caused unmerited suffering to millions of families and have heaped unearned riches upon thousands. They have caused wasteful struggles, encouraged extravagance among some, and created the class of 'new poor.' They have promoted speculation and reduced the efficiency of management and labor.

We are poorer in goods, more quarrelsome in spirit, less ready to work because of these fluctuations. All this has happened and is irretrievable. But within a few years fresh changes may happen just as evil in their consequences.

This wretched record and this wretched prospect are a grave indictment of our present form of economic organization. Have we not sufficient constructive imagination and practical sagacity to develop a better monetary system?

In the same year, Lord d'Abernon, banker and diplomat, and one of the most experienced of English statesmen, in an address in the House of Lords said, on this same question:

I hold that it is more vital and more urgent than any question now before the country. It transcends and pervades all other problems. Unless right views are attained on this, all efforts towards reform in other directions will be overborne and submerged.

Nearly four years have passed, and we seem little nearer the solution of these problems than we were then.

The Practical Details

In brief, what is here proposed is:

(1) To make all note issues, government or federal reserve, fully redeemable in gold and full legal tender, and the sole legal tender and the sole money of bank reserves. Gold itself would then cease to be, directly, legal tender, though practically it would be, of course, just the same as now. And this change would in no way affect contracts now existing, to pay in gold, or the making of future contracts.

(2) To put all the gold now in the Treasury and the federal reserve banks in a common redemption fund, used exclusively for the redemption of the currency. This would, in effect, make all the currency issues now outstanding (less than 4 billions) practically gold certificates. And this provision, of course, would mean the repeal of the requirements in the Federal Reserve act, of gold reserves against federal reserve notes and deposits.

(3) To control or restrict the total issue of this gold standard cur-

rency by means of an index number of prices, checked by other index numbers of production, employment, and trade. The index number of prices might well be the present Bureau of Labor index of wholesale prices, on the theory that the check applied must be applied early, and that the movement of wholesale prices is much more rapid and always precedes in time any movement of the general price level. This index should be checked by indices of production and employment, on the theory that at times prices might be rising rapidly, with employment below normal; but this would happen rarely.

(4) Control of the note issue to be through the medium of the federal reserve banks, which should be required by law, on a change in the price level of, let us say, 3 per cent (or whatever figure might be decided upon) to raise or lower the rate of rediscount by 1 per cent, or in the same way to raise or to lower their holdings of securities and acceptances by, let us say, some conventional figure like 100 million dollars, as might be agreed upon; or both. The changes in the bank rate and security holdings might be at a mildly progressive rate as, for example, a change of 1 per cent in the rate for the first 3 per cent change in the price index, another 1 per cent for the next 2 points change in the price index, etc. But in practice this would scarcely be needful, or only for emergencies. For example, if, starting from the beginning of 1919, when prices began to rise at the rate of 2 and 3 per cent a month, this arrangement would have brought the rate of rediscount up to 10 per cent within six months, and this would certainly have been sufficient to have checked inflation by, let us say, October of 1919. In fact, with this automatic check it seems probable that inflation could not have gone on for more than three or four months.

(5) It seems clear that this control must be automatic and free from the possibility of intervention by any kind of influence, political, financial, or otherwise. It seems evident, from our experience, that this is the one possible means of obtaining such control.

(6) Finally, all exports or imports of gold or currency required by law to be registered and certified, and when a given amount of currency has been, for example, exported or presented to the Treasury or banks for redemption or for gold exports, the federal reserve banks to increase their holdings of securities by a corresponding amount (say in lots of 50 or 100 millions); and vice versa.

The idea, in sum, is to keep the amount of currency and credit in balance with the price level, and maintain the latter at as nearly a constant figure as is practically possible. It is not generally known or realized that in the years just before the War, and extending even past the first year of the War, this country at least had reached a

quite extraordinary degree of economic stability, beyond that perhaps of any similar period in a century and more. In the seven years from the end of 1908 to late in 1915, the annual averages, even of commodities at wholesale, varied by only four points, on the Bureau of Labor index (from 97 to 101).

Investigations carried out by the writer in the last three years seem to indicate distinctly that this high degree of economic stability could again be attained, rather quickly, and by the simplest of means, as has here been briefly sketched.

CARL SNYDER.

REVIEWS AND NEW BOOKS

General Works, Theory and Its History

A Critique of Economics: Doctrinal and Methodological. By O. FRED BOUCKE. (New York: The Macmillan Company. 1922. Pp. ix, 305.)

In this small book, which is a companion volume and "in a sense a continuation" of his recent *Development of Economics*, Professor Boucke undertakes a summary of the historical background of modern economics and a criticism of both its principles and its methodology. His basic contention is that the development of modern psychology has destroyed the logical foundations of the science in the form in which the present age has inherited it from the eighteenth and nineteenth centuries, and has forced a repudiation of old doctrines and a reëxamination of the concepts and methods of thought in this field. Part I of the book, dealing with Principles, is frankly critical in the destructive sense. It attempts merely to show the inconsistencies and untenability in view of present knowledge of facts of the accepted doctrines of marginalistic economic theory. Part II aims to go beyond mere criticism and indicate the lines along which the author hopes to see built up a sound methodology.

The most valuable portions of the book in the reviewer's opinion are the introductory chapter on the Problem, showing how current economic doctrine developed out of a sensationalistic psychology framed on the analogy of the Newtonian mechanics, and the criticism of the resulting theory of valuation in the first chapter of part I. The argument here is remarkable for the mastery of philosophical literature displayed and for incisive analysis and clear statement. These chapters should demonstrate to the satisfaction of anyone not already convinced that economic theory cannot be a mechanistic science of values and, indeed, that no such science is possible in view of the modern psychological conception of our affective and conative consciousness.

In regard to the remainder of the book, and especially to the inference that the great bulk of extant economic theory must be thrown away and done over, there is more room for difference of opinion. The subsequent chapters of part I deal with Price, Distribution, and Production. The criticisms of doctrine presented are undoubtedly sound as regards the form of statement of economic theories met with in the great majority of textbooks and other works. But there is room for question as to how essential after all the psychological assumptions, or any psychological assumptions, really are for the substantial body of economic theory. From Cournot to Wesley Mitchell authoritative voices have not been wanting to advocate an objective formulation of

economic relations, and the recent able study of the whole subject by Professor Z. C. Dickinson shows the same tendency. It may be suggested that the truth of our assumed psychology is not vital as long as men in the mass behave "as if" they were actuated by motives of the character described; this would be analogous to the treatment of force in mechanics. My own view is that the psychology of valuation is important for economic criticism rather than economic theory, and is tributary to ethics rather than economics. It is not clear, even after reading Professor Boucke's *Critique* that the laws of diminishing (price) productivity and of imputation are not valid scientific principles in a purely objective interpretation, or that expenses of production have no useful import if restricted to the representation of sacrificed alternatives measured in terms of price. We must not lose sight of the fact of overwhelming practical importance, that if we cannot give some intelligible meaning to values, costs and productivities as measurable and comparable quantities, then an intelligent organization of economic activity is impossible and meaningless, and the whole science of economics is reduced to the position of an academic exercise.

The real issue with regard to the older economics is better brought to the fore by the discussion of Methodology in part II of the *Critique*. This discussion centers around the meaning of law and causality, and the most important positive conclusion is that in the social sciences we rarely find connections of the nature of definite functional relations, but must be content with *correlations* of larger or smaller magnitude. This term correlation is a more accurate expression for what the economist has meant by saying that his laws are "tendencies," real but only partial causes. Professor Boucke rightly insists that there must be a certain minimum correlation before we can consider a relation significant. It is undoubtedly just to face the older economic theory with peremptory questions on this head, to insist that in the future more effort must be made to find out something about the actual importance of the different tendencies and to take account of enough factors in a complex situation to constitute a substantial contribution toward a complete explanation. It is also right to demand that more regard be had to concrete content and less to pure form in working out principles. Thus the desire for wealth as a motive is open to the criticism that the content of the term wealth is all to be determined after the event.

This discussion of methodology deals with difficult material and at many points the author's phrasology is perplexing. It is needless to say that most of the problems of philosophy and logic are raised first and last. But the book as a whole is well worth careful reading, and with

a large part of the author's conclusions the thoughtful reader will be forced to agree.

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NEW BOOKS

BONAR, J. *Philosophy and political economy in some of their historical relations*. Third edition. (London: Allen & Unwin. 1922. Pp. 424.)

BUER, M. C. *Economics for beginners*. (London: Routledge. New York: Dutton. 1921. Pp. 220. 4s. 6d.)

This little volume is a British attempt to adapt the subject-matter of economics for presentation to young students. The author has broken up his exposition into chapters of three or four pages each and has made considerable use of diagrams. One misses the lists of exercises and questions customary in American texts. Part I deals with questions of value and distribution; Part II, with money, banking, and foreign trade; and Part III, with larger questions of welfare and the economic functions of the state.

The preface carries a disclaimer of originality except as to arrangement. Here the "originality consists merely in postponing the exposition of some of the more difficult parts of the subject, even at some sacrifice of logical arrangement." In question of theory the author acknowledges indebtedness to the writings and teachings of Professor Edwin Cannan. The book is so essentially British in its point of view, its illustrations, and its reference to war-time experience that it seems improbable that it could be successfully used in secondary schools in the United States.

C. E. P.

CUMBERLAND, M. and HARRISON, R. *The new economics*. (London: Palmer. 1922. Pp. xii, 145. 6s.)

DANE, E. *The common sense of economic science*. (London: Mills & Boon, Ltd. 1922. Pp. 220. 5s.)

DIEHL, K. *Sozialwissenschaftliche Erläuterungen zu David Ricardos Grundgesetzen der Volkswirtschaft und Besteuerung*. Part II: *Lohntheorie, Zins- und Unternehmervergewinn; Handelspolitik; Krisen; Steuerhehre*. Third edition. (Leipzig: Felix Meiner. 1922. Pp. viii, 529. 350 M.)

DIETZEL, H. *Technischer Fortschritt und Freiheit der Wirtschaft*. Staatswissenschaftliche Untersuchungen, Heft 7. (Bonn: Schroeder. 1922. Pp. 62.)

FISH, J. C. L. *Engineering economics. First principles*. Second edition. (New York: McGraw-Hill. 1922. Pp. xi, 311. \$3.)

GIDE and RIST. *Histoire des doctrines économiques*. Fourth edition. (Bordeaux: Y. Cadoret. 1922. 25 fr.)

HAURAND, P. W. *Das Nationalökonomische System von Heinrich Pesch*. (München-Gladbach: Volksvereins Verlag. 1922. 27 M.)

HILDEBRAND, B. *Die Nationalökonomie der Gegenwart (1848) und Zukunft und andere gesammelte Schriften*. Vol. I. (Jena: Fischer. 1922. Pp. xxvi, 388.)

HOBSON, J. A. *Incentives in the new industrial order*. The new library of social science, no. 8. (New York: Thomas Seltzer. 1922. Pp. 160. \$1.75.)

The "new industrial order" that Mr. Hobson sets out to examine is, it should be premised, no utopia, socialist or other. With the "isms" he is not concerned. What he sees practically emerging in the near future, in England at any rate, is "the principle of public ownership or control of fundamental and essential industries with the principle of representative government in the several industries so owned and controlled." And it is to those who doubt the adequacy, under such a system, of the incentives to capital accumulation and to the various kinds of technical and executive efficiency and integrity, that he addresses this excellent little book.

With characteristic terseness and clarity, Mr. Hobson puts a good deal of pregnant reasoning into small compass. His analysis of the existing maladjustment of economic incentives; his derivation of the phenomena of the business cycle from the inequalities of income distribution; and his estimate of the social value of the services of the "Napoleons of commerce and finance"—deserve, among other features of the book, the serious attention of economists of all schools.

The moderation and realism of Mr. Hobson's conjectures with regard to labor come as a refreshing breeze of cool sense after much fervid idealizing. He clings (with an effort) to the method of industrial democracy; but without any pretence that it will of itself evoke fundamental changes in the attitude of the average worker. "What the worker will continue to be after, and what underlies all the demands for 'status' and representative government, is pay, security of livelihood, hours, and other conditions, all dependent on and derived from the prosperous and efficient working of the business." Mr. Hobson's comments upon the limits of functional organization and the method of consumers' representation are likewise closer to reality and common experience than is usual in reformist literature; and the careful and candid temper of the argument render the book an exceedingly valuable contribution to social economics.

Smith College.

WILLIAM ORTON.

JOSEY, C. C. *The social philosophy of instinct*. (New York: Scribner's. 1922. Pp. 174. \$2.)

With the problems of personnel crowding out the problems of efficiency study as the dominant theme in economic psychology, it is natural that much emphasis should be placed on that out of which behavior grows. The speculations of Hall, Freud, and McDougall have led many economists, under the brilliant leadership of Carleton Parker, to explain all sorts of industrial psychopathology as due to repressions or perversions of instinct. Unfortunately for this view, recent experiments in zoology and psychology are doing violence to the complaisant concept of instincts as inherited hierarchies of behavior. "Instead of looking for the determinants of the adult's career in certain supposedly innate characters, instincts, impulses, or dispositions, we should look for the determinants in the conditions which affect him." "When behavior is viewed in its concreteness, the diversity assumes such proportions that we begin to entertain doubt regarding the existence of common characteristics that are supposed largely to determine and shape the behavior."

"Behavior can be explained only in terms of the exciting stimuli and the nature of the organism. In explanations of this sort there is no use for a store of 'mystic potencies' to connect various stimuli with a multitude of diverse responses."

Throughout his book Dr. Josey emphasizes the ambiguity in the use of the term instinct, the futility of explaining behavior in terms of ancestral experience, and the diversity of supposed instinctive behavior. He traces the development of the instinct concept as a sanction in the social studies, and cites abundant evidence to refute the claim that our culture, institutions, and customs are rooted in and determined by our innate tendencies. The book is rather difficult reading, but deserves to be read, especially by those who have been impressed by the economic interpretations proposed by Parker, Tead, and Veblen.

CHARLES LEONARD STONE.

JOURNÉ, M. *Précis d'économie politique*. (Paris: Felix Alcan. 1921. 12 fr.)

KEIR, M. *Industrial organization. An introduction to the study of economics*. (New York: Ronald. 1923. Pp. vii, 421.)

KRACAUER, S. *Soziologie als Wissenschaft. Eine erkenntnistheoretische Untersuchung*. (Dresden: Sibyllen-Verlag. 1922. Pp. 177. 70 M.)

KREBS, A. *Die Akkordarbeit. Beiträge zur Theorie und Praxis der Lohnbemessungsmethoden*. Greifswalder Staatswissenschaftliche Abhandlungen, Heft 11. (Greifswald: Ratsbuchhandlung L. Bamberg. 1921. Pp. 164.)

LAPP, J. A. *Economics and the community*. (New York: Century Co. 1922. Pp. xiv, 366. \$1.75.)

The purpose of this book, as stated in the preface, is "to give what the citizen needs to know about economics rather than to explore and expound economic theory." The author is one of those who believe that economics should be introduced much earlier in the curriculum than has been customary to date and intends this text for use as early as the first high school years. He advises that the students gather "local data for each chapter before beginning the study of the text," and has prefaced each chapter with suggestions for a "community survey." At the close of each chapter are the familiar questions and problems. Much interest attaches to such efforts to adapt our subject to students much more immature and much less well furnished with knowledge of industrial and social matters than our college sophomores.

Examination discloses that the issue has been met by the simple (and usual?) expedient of heroic condensation. For example, chapter 8, on the "Distribution of income," discusses wages, rent, interest and profits in seventeen pages of text and finds space for a diagram and a couple of illustrations. Similarly, the following chapter on "Value and price" covers but eleven pages and besides developing a demand and supply theory of value, disposes of the labor theory of value, the costs of production theory and monopoly price.

It may be possible to give a worth while and effective course in economics to high school students. Many thoughtful and experienced teachers are doubtful of this possibility. But it would seem axiomatic that the subjects presented in a half year would necessarily be fewer and their presentation more extended rather than less. Some concession

must be made to the immaturity of the student. And despite the growing list of brief and all-inclusive texts, it yet remains true that there is no necessary connection between brevity and clearness of statement. Texts are not meant to be memorized, but understood. If any effective presentation of such intricate subjects as international trade, banking, and insurance (all of which are included in the text) is to be made to our high school students by the high school teachers, it will need the support of a masterly text with abundant illustration and amplifications well adapted to the mind and previous experience of the student. This text may name "those things which the citizen needs to know about economics," but an effective text must make them understandable by the students in whose hands it is placed.

C. E. PERSONS.

MARCONCINI, F. *Il carattere contingente delle forme economiche*. (Torino: Viano. 1923.)

MASCI, G. *Le leggi delle trasformazioni industriali*. (Perugia: Guerra. 1923.)

MICHELIS, R. *La teoria di Marx della miseria crescente*. (Turin: Bocca. 1922. Pp. viii, 244.)

MOBERT, P. *Einführung in das Studium der Konjunktur*. (Leipzig: G. A. Gloeckner. 1921. Pp. vi, 226. 40 M.)

PESCH, H. *Lehrbuch der Nationalökonomie*. Vol. IV: *Allgemeine Volkswirtschaftslehre*. Part III: *Der Volkswirtschaftliche Prozess*. First and second editions. (Freiburg i. Br.: Herder & Co. 1922. Pp. xii, 894. 690 M.)

SCHWIEDLAND, F. *Volkswirtschaftslehre*. Vol. I. Third edition. (Stuttgart: W. Kohlhammer. 1922. Pp. 460.)

This is the first volume of Professor Schwiedland's *Economics*, a revision of his course of lectures given at the University of Vienna. The erudition of the author is surprising, and his grasp of the social and cultural bearings of economics renders his very elaborate statement quite delightful to read. The author starts from the very beginnings of human society, and follows the economic development down to the present time. His remarks on private property, on the relation of the individual to the state, on speculation, on the increasing influence of business on political life, on material wealth as the basis of power, on the proposed ways of attaining greater economic freedom are the expression of a master mind.

R. R. W.

SILVERMAN, H. A. *The substance of economics; for the student and the general reader*. (New York: Pitman. 1922. Pp. xiii, 250. \$2.)

SPANN, O. *Die Haupttheorien der Volkswirtschaftslehre auf dogmengeschichtlicher Grundlage*. Wissenschaft und Bildung, Bd. 95. Eleventh edition. (Leipzig: Verlag Quelle & Meyer. 1922. Pp. 184.)

TUGWELL, R. G. *The economic basis of public interest*. A thesis, University of Pennsylvania. (Menasha, Wis.: George Banta Pub. Co. 1922. Pp. ix, 188.)

WEBER, M. *Grundriss der Sozialökonomik*. III, *Lieferung*. Third edition. (Tübingen: Mohr. 1922. Pp. 358-596.)

Economic History and Geography

NEW BOOKS

Business Geography. By ELLSWORTH HUNTINGTON and FRANK E. WILLIAMS. (New York: John Wiley and Sons, Inc.; London: Chapman and Hall, Ltd. 1922. Pp. x, 482, maps, diagrams, illustrations, tables of statistics, index. \$2.75.)

The potency of geographic influences in guiding human affairs has long been recognized. Only recently, however, have serious attempts been made to organize into scientific form the knowledge gradually acquired in this vast field, and to evolve principles therefrom applicable to present-day problems. Physical geography long held sway as the only well-organized specialized phase of the subject and had as its mission the accounting for land forms and other elements of geographic environment. This gradually led to recognition of the importance of the environment in guiding or modifying human affairs and thus opened the door to other specialized phases of geographic science such as historical, ecological, commercial, industrial, agricultural, and economic geography. Now is introduced a new member of this growing family group, *viz.*, *Business Geography*.

The volume is written in the interesting style characteristic of the authors in previous publications, well illustrated, and carefully made up from a mechanical standpoint. The twenty-nine chapters are grouped nearly equally into four main parts entitled, Geographical Principles in Business, Business Relations as Evolved among Typical Communities, The Business of the Continents, and The Business of the United States and Canada, respectively. Chapter headings are on the whole dignified and illuminating, the one exception being that of chapter 24, "Industries where man robs nature." This is not illuminating, for it is hardly proper to call mining, for example, a case of "robbing nature."

The first part emphasizes the geographical principles which are presumed to be of most vital importance to the business world. The fundamental factors of business geography are defined as being "(1) the *products* of a community; (2) the *needs* of the community; (3) the *conditions* of *transportation* as determined by the roads; and (4) the *character* of the people" (p. 3). The discussion is systematically carried out on the above-mentioned basis. A summary outline given in the first chapter is helpful in presenting an introductory glimpse of the geographic relations to be considered. One cannot help but feel, however, that a concise summary of the principles of geography emphasized should also have been prepared, preferably at the close of part I of the book. As it stands the discussion, well concentrated at the outset, loses effectiveness by scattering as the chapters unfold.

Part II is a study of the geographic relations and influences of different types of communities as placed by the authors in eight major groups. Here the principles and influences discussed in part I are focussed upon specific lines of human activity and thus their concrete importance made clear. In classifying communities as *agricultural* the authors hold strictly to the inherent significance of the term *cultivation of fields*, and place in separate lists cattle raising and dairying. The correctness of such distinction may be questioned, for "agriculture" has now come to have a broader meaning than was applied to it originally.

The latter half of the volume is a regional study of broad business movements as interpreted on a geographic basis. This is introduced by a summarized presentation of the European situation, then carried on by swift strokes through each of the continents and reaching its climax at the close with an admirable bird's-eye view of the United States. In this connection the importance of international trade to the general prosperity of the country is clearly brought out. While all critics may not agree with some of the statements dealing with causes of trade movements, careful distinctions are made as to facts and opinions and thus serious reading of the text by business men and students generally will certainly stimulate healthy discussion.

The book covers such a wide field and involves so many fact illustrations that one should probably not expect complete absence of error. The reviewer must, however, call attention to a few erroneous statements noted. It seems that one of the lessons which geographers are slow to learn is that the very comprehensiveness of the subject-matter to be treated demands most searching and thorough criticism of manuscript material by experts in related lines, before publication. Thus, geological nomenclature does not recognize "Peruvian age" in Texas (p. 52), nor does medical practice tolerate spelling the name of the mosquito carrier of yellow fever "steogmaria" (p. 76). The proper term for the principal export of Ecuador is *cacao* rather than *cocoa* (p. 316), inasmuch as it is the bean and not the manufactured product that is referred to. The authors likewise unfortunately state that the "Denver and Salt Lake Railroad follows the Old Mormon Trail" (p. 98), whereas as a matter of fact the Old Mormon Trail follows the North Platte valley in Wyoming to Fort Laramie and then through southwest Wyoming into the Salt Lake Valley. The difficulties encountered by the Denver and Salt Lake Railroad are due chiefly to two causes: the first, the high grades that mark the absence of a great natural highway such as was the Old Mormon Trail; and the second, the fact that the road has not been completed to Salt Lake City and thus lacks a profitable western terminal connection.

In some places the authors also lapse into theorization that is not

in keeping with the general high character of the text. For instance, see their suggestion on page 125, "Among the common uses of petroleum there are two where substitutes should be employed at once, (1) for automobiles and other explosion engines, and (2) for lighting and cooking in homes. Wood alcohol serves almost as well as gasoline in explosion engines." Such statements show utter disregard for economic principles and are unwarranted by facts. Furthermore the authors do not show much faith in foreign petroleum reserves nor in the oil shales as sources of future supply when they state that "even with the fullest allowance for all these factors (oil shales, improved methods, etc.) it seems almost certain that by 1950 the world's supply of petroleum will be reduced to small proportions" (p. 125).

N. A. BENGTON.

University of Nebraska.

NEW BOOKS

ANDREADÈS, A. *Le montant du budget de l'empire byzantin.* (Paris: Lérout. 1922.)

ARNETT, A. M. *The Populist movement in Georgia.* A view of the "agrarian crusade" in the light of solid-South politics. Columbia University studies in history, economics, and public law, vol. CIV, no. 1. (New York: Longmans, Green & Co. 1922. Pp. 239.)

While the author studies in considerable detail the Populist movement in Georgia, he does not neglect the general movement. He finds that Populist ideas had their inception, at least in the earlier stages of the movement, in agrarian discontent. However, the dissatisfaction was widespread and affected various elements of our population. The causes were chiefly economic, including changes in the industrial structure of society in the United States, evils incident to early railroad building, misfortunes connected with the break-up of the old plantation system, and the conflict between the new and the old ideals in the South. The volume is divided into seven chapters in which are considered in order the rise of the spirit of discontent, the "basis of the agrarian dissent," the rise of farmers' organizations, party reform and its results, the business depression after 1892 and its influence on ideas in Georgia, the "party revolt of 1896." Chapter 7 is devoted to a summary study of the final outcome of the movement. The author concludes that while the conditions of the masses have been greatly improved in recent years "one should not be unduly optimistic," because "the fundamental problems with which the Populists were concerned have not been solved." For example, "Only a meager beginning has been made in the matter of rural credits. Transportation problems are still pressing. The trust problem is unsolved. The system of taxation leaves much to be desired. Problems of industrial labor are still with us. While the people may have gained somewhat more effective control over their government, they have not eliminated the boss, the demagogue, and the corruptionist. They are still too often swayed by tradition and prejudice."

I. LIPPINCOTT.

BACHI, R. *L'Italia economica nel 1921.* (Turin: La Riforma Sociale. 1922. Pp. xi, 457.)

- BORCHARDT, J. *Deutsche Wirtschaftsgeschichte. Von der Urzeit bis zur Gegenwart*. Vol. I: *Bis zum Ende der Hohenstaufen*. (Berlin: E. Laubsche Verlagsbuchhandlung. 1922. Pp. 196.)
- BOURGIN, G. and BOURGIN, H. *Le régime de l'industrie en France de 1814 à 1830*. Vol. II. (Paris: Picard. 1921.)
- BRYANT, L. *The mirrors of Moscow*. (New York: Seltzer. 1923. Pp. xv, 209. \$2.50.)
- BÜRGER, O. *Ein Betätigungsfeld für Handel und Industrie. Nebst einem Beitrag über die Kenntnis des Vorkommen und Stand des Bergbaus 1921, von Dr. Robert Scheibe*. (Leipzig: Dieterichsche Verlagsbuchhandlung. 1922. Pp. viii, 383. 180 M.)
- CESSI, R. *Storia del commercio*. (Padua: La Litotipo. 1922. 18 l.)
- CISAR, J. and POKORNY, F. *The Czecho-Slovak Republic. A survey of its history and geography, its political and cultural organization, and its economic resources*. (London: Fisher Unwin. 1922. Pp. 218. 9s.)
- CLARKSON, G. B. *Industrial America in the World War*. Introduction by GEORGES CLEMENCEAU. (Boston: Houghton Mifflin. 1923. \$5.)
- COULTER, E. M. *The Cincinnati Southern Railroad and the struggle for southern commerce, 1865-1872*. (Chicago: American Historical Society. 1922. Pp. 68. \$1.50.)
- DELOCHE, M. *La crise économique au XVI^e siècle et la crise actuelle*. (Paris: Lib. Plon. 1922. Pp. 64. 4 fr.)
- DENIKIN, A. I. *The Russian turmoil. Memoirs: military, social and political*. (New York: Dutton. 1923. Pp. 344. \$8.)
- DUNAWAY, W. F. *History of the James River and Kanawha Company*. Columbia University studies in history, economics and public law, vol. CIV, no. 2. (New York: Longmans, Green. 1922. Pp. 251.)
- EMERSON, P. *The geography of New England*. (New York: Macmillan. 1922. Pp. 96. 80c.)
- FAYOLLE, MARSHALL, and others. *Au Canada*. (Alcan: Paris, 1922. Pp. 269. 25 fr.)
- An account of the mission sent by the Comité France-Amerique to render thanks to Canada for the assistance rendered by her during the war, with chapters on the finances, the commerce, the railroads, the agriculture, and the question of nationalities in Canada.
- FENYÓ, M. *Hungary of today*. (Budapest: Hungarian National Society of Agriculture. 1922. Pp. 122.)
- FLACK, F. *Guide économique de l'Algérie*. (Paris: Albin Michel. 1923.)
- GALLOUÉDEC, L. and MAURETTE, F. *La France et ses colonies*. New edition, based on program of 1920. (Paris: Hachette. 1922. Pp. 352. 7.50 fr.)
- GHOSH, J. *A history of land tenure in England*. (Calcutta: Kar. 1922. Pp. 280.)
- HAAS, W. *Bestrebungen und Massnahmen zur Förderung des Kieler Handels in Vergangenheit und Gegenwart (1242-1914)*. Mitteilungen der

Gesellschaft für Kieler Stadtgeschichte, Nr. 31. (Kiel: Lipsius & Tischer. 1922. Pp. xix, 294.)

HAHN, W. and von LILIENFELD-TOAL, A. *Der neue Kurs in Russland*. (Jena: Fischer. 1923. Pp. viii, 107.)

A detailed account of the new economic policy in Russia, which began in March, 1921. It gives the most important decrees and ordinances regulating trade and industry, land tenure, currency, immigration, and the penal code. These are given chiefly *in extenso* in a literal translation, but partly, in smaller print, in abstracts made by the authors. It is to be hoped that they will continue this work, bringing it up to date. For those who do not read German, the reviewer might suggest the account of the new régime in Russia given in chapters 9 and 10 of Hellers's *Industrial Revival in Soviet Russia* (Seltzer, 1922) and an article by Louis Levine on the new land tenure in the *Atlantic Monthly*, November, 1922.

R. R. W.

HASSETT, K. *Die Vereinigten Staaten von Amerika als politische und wirtschaftliche Weltmacht geographisch betrachtet*. (Tübingen: Mohr. 1922. 180 M.)

HECKSCHER, E. F. *The Continental System: an economic interpretation*. Edited by H. WESTERGAARD. Carnegie Endowment for International Peace, Division of economics and history. (London and New York: Oxford Univ. Press. 1922. Pp. xiv, 420.)

The several parts deal with the antecedents of the Continental System, origin and external course; internal history and working, and the effects of the Continental System on the economic life of Great Britain and the mainland.

HELD, H. J. *Spanien. Seine Wirtschaftsgeographie und seine Stellung in der Weltwirtschaft*. (Hamburg: Hanscatische Verlagsanstalt. 1922.) Pp. 53. 20 M.)

HUNTINGTON, E. and VISHNER, S. S. *Climatic changes, their nature and causes*. (New Haven: Yale Univ. Press. 1922. Pp. xiii, 329.)

KLEIN, G. *Oesterreich und die Zukunft*. (Vienna: Georg Klein, Hauptstrasse 71. 1922. Pp. 32. 2000 Kr.)

LEITES, K. *Recent economic development in Russia*. Edited by H. WESTERGAARD. Carnegie Endowment for International Peace, Division of economics and history. (London and New York: Oxford Univ. Press. 1923. Pp. 240. \$2.50.)

The three parts deal with the effect of the World War on the economic life of Russia prior to the bolshevik revolution; results of the economic policy of the bolsheviks; and economic life in Soviet Russia in 1920.

LUTZ, O. *Wirtschaft und Kultur in Mittelamerika einschliesslich Mexiko*. Schriften des Frankfurter Messamts, Heft 9. (Frankfurt: Messamt für die Frankfurter Internationalen Messen. 1922. Pp. 24. 30 M.)

McVEY, F. L. *Modern industrialism: an outline of present-day industrial organization*. Second edition. (New York: Appleton. 1922. Pp. xvi, 358.)

MARQUIS, S. S. *Henry Ford: an interpretation*. (Boston: Little, Brown. 1923. \$2.50.)

MESERVE, H. C. *Lowell—an industrial dream come true.* (Boston: National Assoc. of Cotton Manfrs. 1923. Pp. 126.)

MORTARA, G. *Prospettive economiche, 1923.* Published by the Università Bocconi of Milan. (Città di Castello: Soc. Tip. "Leonardo da Vinci." 1923. Pp. xix, 425.)

A yearbook giving an account of the industrial and commercial prospects of Italy under the headings of grain, wine, silk, cotton, iron, etc., including chapters on the currency, on public finance, and on emigration. The author protests against the unfair limits set by our immigration law which takes no account of the Italians returning from United States to Italy. Of these there were 54,000 during the financial year 1921-1922, while only 42,000 were admitted. In his chapter on taxation and finance the author points out that during the time from 1914-1915 to 1921-1922 the total sum raised by national taxation was 46 billion lire, and that during the same time investments were made to the amount of 65 billion. The increase of the paper currency was from 2,698 million in June 1914 to 20,100 million in November, 1922.

R. R. W.

MUSART, C. *La réglementation du commerce des grains en France au dix-huitième siècle. La théorie de Dalamare.* (Paris: Champion. 1921.)

NARAIN, B. *Indian economic problems.* Part I: *Essays on Indian economic problems.* Part II: *Source book for the study of Indian economic problems.* (Lahore: Punjab Printing Works, Katcheri Road. 1922. Pp. x, 547; xi, 435. 5r.; 3r.)

Deals largely with prices and the Indian currency and banking, land revenue, irrigation, Indian railways, and coöperation. A few chapters at the end of part I treat of India's foreign trade and labor. Some of the chapters have been previously published in the *Weltwirtschaftliche Archiv*.

OPPENHEIMER, F. *The state: its history and development viewed sociologically.* Second American edition. (New York: Huebsch. 1922. Pp. xv, 802. \$2.)

Authorized translation by J. M. Gitterman. The first American edition was published in 1914.

PENSON, H. *Is Germany prosperous? Impressions gained.* (London: E. Arnold. 1922. Pp. 124. 3s. 6d.)

RACHEL, H. *Die Handels-, Zoll- und Akzisenpolitik Preussens 1730-1740.* (Berlin: Paul Parey. 1922. Pp. xii, 826. 350 M.)

RASIN, A. *Financial policy of Czechoslovakia during the first year of its history.* Carnegie Endowment for International Peace, Economic and social history of the World War, Czechoslovak series. (New York: Oxford Univ. Press. 1923. Pp. xvi, 160.)

REDMOND, G. F. *Financial giants of America.* (Boston: Stratford Co. 1922.)

REISNER, E. H. *Nationalism and education since 1789; a social and political history of modern education.* (New York: Macmillan. 1922. Pp. xiii, 575.)

ROSS, E. A. *The social revolution in Mexico.* (New York: Century. 1923. Pp. 200. \$1.75.)

- RÜHL, A. *Die Wirtschaftspsychologie des Spaniers*. (Berlin: E. S. Mittler & Sohn. 1922. Pp. 81-115. 20 M.)
- SARKAR, B. K. *The futurism of Young Asia and other essays on the relations between the East and the West*. (Berlin: Julius Springer. 1922. Pp. x, 399.)
- SHADWELL, A. *The engineering industry and the crisis of 1922. A chapter in industrial history*. (London: King. 1923. 1s. 6d.)
- SHORTRIDGE, W. P. *The transition of a typical frontier with illustrations from the life of Henry Hastings Sibley*. (Menasha, Wis.: George Banta Pub. Co. 1922. Pp. v, 186. \$1.50.)
- THOMPSON, C. M. *History of the United States, political, industrial, social*. Revised edition. (Chicago and New York: B. H. Sanborn & Co. 1922. Pp. xxiii, 584.)
- THWING, C. F. *Human Australasia. Studies of society and of education in Australia and New Zealand*. (New York: Macmillan. 1923. Pp. 270. \$2.50.)
- TINO-BRANCA, A. *Cinquant' anni di economia sociale in Italia*. (Bari: Laterza. 1923.)
- TITTEMORE, J. N. and VISSERS, A. A., compilers. *The Non-partisan League vs. the home*. (Milwaukee, Wis.: Burdick-Allen Co. 1922.)
- WALKER, P. F. *Industrial development of Kansas*. Sections 1 and 2. Bulletin of the University of Kansas, vol. XXIII, no. 12, June 15, 1922. (Lawrence, Kan.: Univ. Engg. Exp. Sta. 1922.)
Results of an investigation covering several years in which the author visited the manufacturing cities. Presents information in regard to the development of manufacturing in different sections of the state. Industrial maps are given in section 2, Industrial Map Section, for 23 cities and 28 counties.
- WEBB, S. and WEBB, B. *The decay of capitalist civilization*. (New York: Harcourt, Brace & Co. 1923. Pp. xvii, 242.)
- WEST, F. E. *Stepping stones to social and industrial history*. Self-study series. (London: Wheaton. 1923. Pp. 115.)
- Australia: a commercial and industrial handbook*. U. S. Dept. of Commerce, Special agents series, no. 216. (Washington: Gov. Prtg. Office. 1922. Pp. vii, 162. 75c.)
- Boston: an old city with new opportunities*. (Boston: Chamber of Commerce, Bureau of Commercial and Industrial Affairs. 1922. Pp. 64.)
- Commercial travelers' guide to Latin America*. Revised edition. U. S. Department of Commerce, Miscellaneous series, no. 89. (Washington: Gov. Prtg. Office. 1922. Pp. xii, 734. \$1.25.)
A carefully prepared guidebook, with information in regard to transportation rates, steamship fares and itineraries for various Latin American countries, and many maps.
- Effects of the war upon French economic life*. Edited by CHARLES GIDE. Carnegie Endowment for International Peace, Preliminary economic studies of the war, no. 23. (London and New York: Oxford Univ. Press. 1923. Pp. 197.)

Contains five monographs dealing with the effect of the war upon French merchant marine, by Mazel; upon the French textile industry, by Aftalion; upon French finance, by Nogaro; upon French commercial policy, by Aftalion; upon labor in France, by Oualid.

Reparation. Part II: Politics and economics of payments. A League of Nations, vol. V, no. 2. (Boston: World Peace Foundation, 40 Mt. Vernon St. 1922. Pp. 48-145. 5c. per copy; 25c. per year.)

Report on commercial, industrial and economic situation of China in July, 1922. (London: H. M.'s Stationery Office. 1923. 1s. 9d.)

Report on economic and financial conditions in Venezuela, 1922. (London: H. M.'s Stationery Office. 1923. 1s.)

Report on economic and financial situation in Australia. Revised to October, 1922. (London: H.M.'s Stationery Office. 1923. 2s. 6d.)

Report on financial, industrial and commercial conditions in Canada to September, 1922. (London: H. M.'s Stationery Office. 1923. 2s. 3d.)

Report on industrial and economic situation in Czecho-Slovakia, to May, 1922. (London: H.M.'s Stationery Office. 1922. 1s. 6d.)

The restoration of Austria. Agreement arranged with the League of Nations and signed at Geneva on October 4, 1922, with relevant documents and statements. (London: H.M.'s Stationery Office. 1923. 2s. 6d.)

Supplément aux mémoires présentés à la Conférence de Gênes sur la débâcle des Soviets et la restauration économique de la Russie. (Paris: Assoc. Financière, Industrielle et Commerciale Russe. 1922. Pp. 64.)

William Lovett, 1800-1877. Fabian biographical series, no. 8. (London: Fabian Society, 25 Tothill St., Westminster. 1922. Pp. 24. 3d.)

World almanac and book of facts for 1923. Thirty-eighth year. Edited by R. H. LYMAN. (New York: Press. Pub. Co., 53 Park Row. 1923. Pp. 896. 35c.)

Agriculture, Mining, Forestry, and Fisheries

NEW BOOKS

BEDFORD, A. C. *Problems confronting the petroleum industry.* (New York: Author, 26 Broadway. 1923. Pp. 38.)

An address by the chairman of the Board of Directors of the Standard Oil Company of New Jersey.

BRUÈRE, R. W. *The coming of coal.* (New York: Association Press, 347 Madison Ave. 1922. Pp. 123. \$1.)

This was prepared for the Educational Committee, Commission on the Church and Social Service of the Federal Council of Churches of Christ in America. The author deals largely with the labor question, describing the awakening of the miners, struggle for organization, and rise of democracy. Some attention, however, is given to the technical aspects of coal production.

CAPPER, A. *The Agricultural bloc.* (New York: Harcourt, Brace & Co. 1922. Pp. vii, 171.)

Discusses the crisis in agriculture, depression since the war, burden

of transportation, problems in marketing, coöperation, tariff protection for agriculture, the farmer's program, and the program of the Agricultural bloc.

CHASE, L. A. *Rural Michigan*. Rural state and province series, edited by L. H. BAILEY. (New York: Macmillan. 1922. Pp. xi, 492. \$3.)

Presents a "general and free account of the past and present condition of Michigan agriculture and rural life." Successive chapters treat of the physical and climatic setting of Michigan, influence of soils on the settlement of Michigan, other resources, the occupation of the land, agricultural industries, plants and crops, animal industries, transportation and marketing, rural manufactures, rural living conditions, agricultural societies, educational enterprises, governmental work for country life, development of Michigan waste lands, and status and tendencies in Michigan rural life. Similar studies for each of the leading agricultural states should prove helpful in the campaigns for improvement of rural community life.

CLERC, D. and GIBSON, A. H. *Water power in the British Empire*. (London: Constable & Co. 1922. Pp. 54.)

COLLINS, W. F. *Mineral enterprise in China*. Revised edition. (New York: G. E. Stechert. 1922. Pp. 410. \$8.)

DAHMS, A. *Grundzüge der Bergwirtschaftslehre*. Part 2: *Spezielle Bergwirtschaftslehre*. (Lucka, S.-A.: Reinhold Berger. 1922. Pp. vii, 76. 30 M.)

DAY, D. T., editor. *A handbook of the petroleum industry*. Two vols. (New York: John Wiley & Sons. 1922. \$15.)

DUGGAR, J. F. *Agriculture for southern schools*. Revised edition. (New York: Macmillan. 1923. Pp. x, 369. \$1.20.)

DUNLOP, J. P. *Secondary metals in 1921; mineral resources of the United States, 1921*. Part I. Dept. of the Interior, U. S. Geological Survey. (Washington: Gov. Prtg. Office. 1922.)

ENDERS, M. *Handbuch der Forstpolitik mit besonderer Berücksichtigung der Gesetzgebung und Statistik*. Second revised edition. (Berlin: Julius Springer. 1922. Pp. xvi, 905. 480 M.)

FORRESTER, R. B. *The cotton industry in France*. (Manchester, Eng.: Univ. Press. 1921. Pp. xiv, 142.)

GAVIN, M. J. *Oil-shale, an historical, technical, and economic study*. U. S. Dept. of the Interior, Bureau of Mines, bull. 210. (Boulder, Colo.: U. S. Bureau of Mines. 1922. Pp. xi, 201.)

This bulletin was printed by the state of Colorado as part of the coöperative agreement with the Bureau of Mines for the investigation of oil-shales.

GINI, C. *Report on the problem of raw materials and foodstuffs*. Published by the League of Nations. (London: Constable. 1923. 10s.)

HENDERSON, H. D. *The Cotton Control Board*. Carnegie Endowment for International Peace, Economic and social history of the World War, British series. (New York: Oxford Univ. Press. 1922.)

HOWELL, J. P. *An agricultural atlas of Wales*. Prepared for the Institute for Research in Agricultural Economics, Oxford, and published by the direction of the Ministry of Agriculture and Fisheries by the Ordinance Survey. (Southampton, Eng.: Ordinance Survey. 1921.)

HUDECEK, K. *The economic resources of Austria*. Translated. (Vienna: Mainz. 1922. Pp. 74.)

ILLICK, J. S. *The forest situation in Pennsylvania*. Bull. 30. (Harrisburg, Pa.: Pa. Dept. of Forestry. 1923. Pp. 14.)

KASSNER, P. *Wirtschaftliche Bodenreform*. Die Bücherei der Volkshochschule, Bd. 34. (Bielefeld: Velhagen & Klasing. 1922. Pp. vi, 107. 32 M.)

MARCHINI, A. *L'agricoltore e la sua contabilità*. (Milan: Antonio Vallardi. 1922. Pp. 128. 2.50 l.)

MARTIN, A. *Le pétrole, son origine, sa composition, sa recherche*. (Paris: Lib. Félix Alcan. 1923. 6 fr.)

MIDDLETON, T. H. *Food production in war*. Carnegie Endowment for International Peace, Economic and social history of the World War, British series. (London and New York: Oxford Univ. Press. 1923. Pp. xix, 373.)

MITCHELL, E. L. *The law of allotments and allotment gardens*. Third edition. (London: King. 1922.)

MONTGOMERY, J. K. *The maintenance of the agricultural labour supply in England and Wales during the war*. (Rome: Intern. Inst. of Agriculture. 1922. Pp. 121.)

NORTH, S. H. *Oil power*. (New York: Pitman. 1923. Pp. ix, 122. \$1.)

OLIVIER, M. *La politique du charbon, 1914-1921*. (Paris: Lib. Félix Alcan. 1922. Pp. vi, 201. 15 fr.)

A history of the policy of the British and of the French governments as to the production and distribution of coal during the war and after. Some account is given of the deliberate destruction of the French mines by the Germans; of M. Loucheur's plan of distribution which was carried out in 1917; of the strikes in France in 1919-1920; of the amount of coal demanded from Germany under the treaty. The author makes one more protest against the superficiality of Mr. Keynes estimates of the amount which Germany could deliver.

R. R. W.

PACK, A. N. *Our vanishing forests*. (New York: Macmillan. 1923. Pp. xvi, 189. \$2.)

PEARSE, A. S. *Brazilian cotton. Being the report of the journey of the International Cotton Mission through the cotton states of Sao Paulo, Minas Geraes, Bahia, Alagôas, Sergipe, Pernambuco, Parahyba, Rio Grande do Norte*. (Manchester, Eng.: International Federation of Master Cotton Spinners' and Manufacturers' Associations. 1921. Pp. 231. 21s.)

PECK, G. N. and JOHNSON, H. S. *Equality for agriculture*. Second edition. (Moline, Ill.: H. W. Harrington. 1922. Pp. 32. 25c.)

PENZER, N. M. *The mineral resources of Burma*. (London: Routledge. 1922. Pp. 176.)

RECKNAGEL, A. B. *The forests of New York state.* (New York: Macmillan. 1923. Pp. xiii, 167. \$2.50.)

"This book deals with the economic aspects of the woodlands of the state, with the forest as a resource, the part which that resource has played in the industrial development of the state, and the vital relationship of proper forest conservation to the future welfare of the people of New York state and the nation." Among the chapter headings are: The pulp and paper industry and other wood-using industries; Forestry as a land problem; Forestry as an industrial problem; Forestry as an investment. The appendix has many valuable statistical tables.

REDMAYNE, R. A. S. *The British coal-mining industry during the war.* Carnegie Endowment for International Peace, Economic and social history of the World War, British series. (London and New York: Oxford Univ. Press. 1923. Pp. xv, 348.)

REW, H. *An agricultural faggot.* (London: King. 1923. 5s. 9d.)

REW, R. H. *The story of the Agricultural Club, 1918-1921.* (London: P. S. King & Company. 1922. Pp. xv, 205. 10s. 6d.)

This book is a by-product of state activity occasioned by the war. England had an Agricultural Labor Board which brought together representatives of the landlord, farmer, and labor classes. These meetings suggested the idea of voluntary gatherings of a larger number of people for the discussion of questions pertaining to agricultural problems, whether, of the day or of a more general and permanent character. The Agricultural Club was formed and for some three years continued to hold meetings regularly. In the list of members are the names of many distinguished men and women.

The book consists of seventeen chapters, in part extracts from addresses delivered on a wide variety of subjects among which may be mentioned: Agricultural economics; Agrarian politics; Nationalization of the land; Ownership and tenancy; and Rural psychology. The book might well be called "Readings in Agricultural Economics," for such it is, and it will prove useful in this capacity in connection with classroom work.

As a sample of the topics presented brief mention may be made of a few. In the chapter on agricultural economics are to be found a definition of that subject, by the author of the book, and a paper on "Farm accounts, profits and costs." An attempt is made to elucidate some disputed points in cost accounting as applied to agriculture. Also, in the same chapter is a discussion of "Agricultural development and national welfare" in which it is shown unmistakably that the interest of the farmer and the interest of the nation are not at all times coincident. The chapter on the "Nationalization of land" is particularly clear and, to one who does not believe in the proposal as a creed, convincing. The objections to land nationalization here presented are hard to argue down. It is pointed out that the land nationalization is a political rather than an agricultural question. Under the title "Ownership and tenancy" is to be found a brief sketch of the farm tenancy conditions and an appraisal of the system now in vogue. A perusal of these illuminating chapters leads one to regret that the Club has discontinued its activities.

B. H. HIBBARD.

RITTER, K. *Deutschlands Wirtschaftslage und die Produktions-steigerung der Landwirtschaft.* (Berlin: Paul Parey. 1922. Pp. iv, 118. 52 M.)

ROBBINS, H. *The labor movement and the farmer*. (New York: Harcourt, Brace & Co. 1922. Pp. vi, 195. \$1.25.)

Devoted to showing the farmer how his labor problems are related to the problems of labor in the field of manufactures. In sympathetic spirit the author endeavors to show the farmer the aspirations of trade union labor by describing the objects of trade unionism, the significance of radical movements in the United States and the meaning of industrial democracy. "Industry and agriculture, particularly, are knit together. Each in great part is a labor question. Will it help the problem of either to insist that the other take a step down in the scale of civilized living, in order that his products may be cheaper?" (p. 186).

ROUSH, G. A. and BUTTS, A., editors. *The mineral industry; its statistics, technology, and trade during 1921*. Vol. XXX, supplementing vols. I to XXIX. (New York: McGraw-Hill. 1922. Pp. xviii, 895.)

SANDERS, J. T. *Farm ownership and tenancy in the Black Prairie of Texas*. U. S. Dept. of Agriculture, bull. 1068. (Washington: Gov. Prtg. Office. 1922. Pp. 60. 10c.)

A study of conditions in Dallas, Ellis, Hill, McLennan, Bell, and Williamson counties, based on data supplied by 368 farm operators.

SANDERSON, D. *The farmer and his community*. (New York: Harcourt, Brace & Co. 1922. Pp. 254. \$1.25.)

Among the topics discussed are the farm home, how markets affect rural communities, education, religious life, recreation, community organization and planning.

SCHKAFF, E. *La question agraire en Russie*. (Paris: Rousseau. 1923. 20 fr.)

SHEETS, E. W. and others. *Our beef supply*. Separate from *Yearbook of Dept. of Agriculture*, no. 374. (Washington: Gov. Prtg. Office. 1923. 20c.)

SHERLOCK, C. C. *The modern farm coöperative movement*. (Des Moines, Ia.: Homestead Co. 1922. Pp. 377.)

STIEGER, G. *Der Mensch in der Landwirtschaft*. (Berlin: Paul Parey. 1922. Pp. xv, 437. 180 M.)

TSCHERKINSKY, M. *Les Landschaften et leurs opérations de crédit hypothécaire en Allemagne (1770-1920)*. (Rome: Intern. Inst. of Agriculture. 1922. Pp. 94. 3 fr.)

UKERS, W. H. *All about coffee*. (New York: Tea and Coffee Trade Journal Co. 1922. Pp. xxix, 796.)

The Atlantic fisherman's almanac. (Boston: The Atlantic Fisherman, Inc. 1923. Pp. v, 160. 50c.)

Atlas of American agriculture. Part II: *Climate*. Section A: *Precipitation and humidity*. By J. B. KINCER. U. S. Dept. of Agriculture, Office of Farm Management, Advance sheets, no. 5. (Washington: Gov. Prtg. Office. 1922. Pp. 48.)

Australia: the coming cotton country. (London: "British Australasian," 51, High Holborn, W. C. 1. 1922.)

Cotton facts. Edition of November, 1922. (New York: Shepperson Pub. Co.)

This forty-seventh edition, in addition to statistics previously presented, contains tables on the world's consumption of cotton production and supplies, probable world's stocks, and a recapitulation of the world's cotton exports for 100 years. Charts show the fluctuation of prices of spot cotton at New York, Liverpool, and New Orleans.

Irrigation and drainage. Fourteenth census of the United States, 1920, vol. VII. U. S. Dept. of Commerce, Bureau of the Census. (Washington: Gov. Prtg. Office. 1923. Pp. 741. \$1.50.)

Laws of Maine relating to agriculture. Maine Dept. of Agriculture, Bulletin, vol. 21, no. 1. (Augusta, Me.: Dept. of Agri. 1922. Pp. 111.)

Mineral resources of the United States in 1921 (preliminary summary). Dept. of the Interior, U. S. Geological Survey. (Washington: Gov. Prtg. Office. 1922. Pp. iv, 102A.)

The problems of the northwestern farmer. Prepared as a manual for handy reference, containing in graphic form the salient facts of the farmer's problems. (Minneapolis, Minn.: Federal Reserve Bank. 1922. Pp. 12.)

Rubber situation in British colonies and protectorates. Report of a committee appointed by the Secretary of State for the Colonies to investigate and report. (London: H.M.'s Stationery Office. 1922. Pp. 9. 3d.)

Yearbook, 1921, United States Department of Agriculture. (Washington: Gov. Prtg. Office. 1922. Pp. 885. \$1.25.)

Contains Wheat production and marketing, by C. R. Ball, etc.; Our beef supply, by E. W. Sheets; A graphic summary of American agriculture, by O. E. Baker; and other essays.

Manufacturing Industries

NEW BOOKS

BURTON, W. *A general history of porcelain.* Two vols. (New York: Funk & Wagnalls. 1922. Pp. xviii, 204.)

LEVAINVILLE, J. *L'industrie du fer en France.* (Paris: Lib. Armand Colin. 1923. 5 fr.)

MARTIN, T. C. *Forty years of Edison service, 1882-1922; outlining the growth and development of the Edison system in New York City.* (New York: N. Y. Edison Co. 1922. Pp. vii, 181.)

MITCHELL, O. *The talking machine industry.* (New York: Pitman. 1923. Pp. xiii, 120. \$1.)

OAKLEAF, H. B. *Lumber manufacture in the Douglas fir region.* (Chicago: Commercial Journal Co. 1922. Pp. xii, 182.)

REINHARDT. *Der deutsch-schweizerische Eisenhandel während des Weltkrieges.* (Berlin: J. Bensheimer. 1922. Pp. xviii, 242. 50 M.)

SCHLIER, O. *Der deutsche Industriekörper seit 1860. Part II: Die deutsche Industrie seit 1860. No. I.* (Tübingen: Mohr. 1922. Pp. viii, 80. 90 M.)

Cotton manufacturers and cotton manufacturers' manual 1922. Yearbook. (Boston: Nat. Assoc. of Cotton Manfrs. 1922. Pp. 249.)

The packers' encyclopedia; blue book of the American meat packing and allied industries. Edited by P. I. ALDRICH. (Chicago: National Provisioner. 1922. Pp. x, 529.)

The rubber situation. (St. Louis, Mo.: First National Bank, Industrial Service Dept. 1923. Pp. 8.)

Transportation and Communication

NEW BOOKS

ATTERBURY, W. W. *Women and the railroads.* An address before the Philadelphia Music Club. (Philadelphia Railroad System. 1923. Pp. 11.)

BARNES, H. C. *Freight rates and charges; laws, rules and regulations governing the construction, operation and development of railroad freight rates and charges in their application to interstate and foreign commerce.* (Chicago: Traffic Law Service Corp. 1922.)

BENSON, W. S. *The merchant marine.* Knights of Columbus historical series. (New York: Macmillan. 1923. \$1.60.)

COUNTY, A. J. *Adequate transportation—how will our nation get it?* (Philadelphia: Pennsylvania Railroad System. 1923. Pp. 13.)

FAYLE, C. E. *Seaborne trade.* Vol. II—*From the opening of the submarine campaign to the appointment of the shipping controller.* (New York: Longmans, Green. 1923.)

FRANKFURTER, F., editor. *A selection of cases under the Interstate Commerce act.* Second edition. (Cambridge: Harvard Univ. Press. 1922. Pp. xii, 789.)

First edition appeared in 1915. "The new edition follows the original outline because the basic elements of the body of law under consideration, as seen in 1914, have not been fundamentally altered in the interval." Contains some 50 cases for the period 1915-1922.

INNIS, H. A. *A history of the Canadian Pacific Railway.* (London: King. 1923. Pp. viii, 364. 12s. 6d.)

JONES, C. *British merchant shipping.* (New York: Longmans, Green. 1922. \$3.75.)

KILLIK, S. H. M. *Argentine railways. Manual for 1922.* Seventh annual issue. (London: Effingham Wilson. 1922. Pp. 77.)

KING, S. P. *The railways and the people.* (Jacksonville, Fla.: New Economics Pub. Co. 1922. Pp. 170.)

LEE, E. *Motor transport and our railroads: a problem of coördination.* (Philadelphia: Pennsylvania Railroad System. 1923. Pp. 15.)

LEE, I. L. *Railway progress in the United States.* (London: Stevens & Brown. 1922.)

LYFORD, W. H. *Coöperation versus competition between motor truck and railroad transportation.* (New York: National Automobile Chamber of Commerce, 866 Madison Ave. Pp. 19.)

- MUNDY, F. W., editor. *Mundy's earning power of railroads*. Seventeenth issue. (New York: J. H. Oliphant & Co. 1922. Pp. 442.)
- PAUL, R. B. *Shipping business methods. A guide for all engaged in the offices of shipowners and shipbrokers*. (London and New York: Pitman. 1922. Pp. vii, 96. 3s. 6d.)
- ROBERTS, G. E. *The railroads. An address before the Traffic Club of Chicago*. (New York: National City Bank. 1923.)
- RUSSELL, C. E. *Railroad melons, rates and wages, a handbook of railroad information*. (Chicago: C. H. Kerr & Co. 1922. Pp. 332. \$2.)
- SAX, E. *Die Eisenbahnen*. Second revised edition. (Berlin: Julius Springer. 1922. Pp. x, 614. 180 M.)
- THAYER, H. B. *A national telephone service*. An address before the 34th annual convention of the National Association of Railway and Utilities Commissioners, 1922. (New York: American Telephone and Telegraph Co. 1922. Pp. 23.)
- THOMPSON, S. *Railway statistics of the United States of America for 1921*. Compared with the official reports for 1919 and recent statistics of foreign railways. Nineteenth year. (Chicago: Bureau of Railway News and Statistics. 1922. Pp. 143.)
- VANDERBLUE, H. B. and BURGESS, K. F. *Railroads: rates—service—management*. (New York: Macmillan. 1923. Pp. xv, 488. \$4.50.)
- WALDEN, C. F. *Express and parcel post, claims and transportation law*. Traffic management, standard course of the United Y. M. C. A. Schools. (New York: Association Press, 347 Madison Ave. 1922. Pp. v, 167. \$10.50.)
- WARFIELD, S. D. *National character of transportation*. (Baltimore, Md.: National Assoc. of Owners of Railroad Securities. 1922. Pp. 34.)
- WHITFORD, N. E. *History of the barge canal of New York state*. Supplement to the annual report of the state engineer and surveyor for the year ended June 30, 1921. (New York: J. B. Lyon Co. 1922. Pp. 585.)
- Traces the history of the early canals in New York from 1790 to the present time. The volume is abundantly illustrated and represents detailed study.
- The consolidation of railroads in the United States*. Research report no. 56. (New York: National Industrial Conference Board. 1922. Pp. 107. \$2.)
- Presents a description of the historical development of the consolidation movement, an outline of the plans of consolidation that have been projected, a study of the broad economic factors affecting the success of these plans, and an estimate of the possible effects of consolidation.
- The federal valuation of the railroads in the United States: a report submitted by the Committee on Railroad Securities of the Investment Bankers Association of America*. (New York: Investment Bankers Assoc. 1922. Pp. 38.)
- International and Great Northern Railway. Position of the property under the reorganization plan of June 1, 1922*. (New York: Wood, Struthers & Co. 1922. Pp. 19.)

- Interstate Commerce Commission reports.* Vols. 67 and 68. Also, *Thirty-sixth annual report, December 1, 1922.* (Washington: Gov. Prtg. Office. 1922. \$2; \$1.75; and 50c.)
- A list of references to literature relating to the Union Pacific System.* (Washington: Library, Bureau of Railway Economics, Homer Bldg. 1922.)
- Merchant marine. National Chamber's position—Report of Chamber's Committee.* (Washington: Chamber of Commerce of the U. S. 1922. Pp. 23.)
- Report of the committee appointed by the Secretary of State for India on the administration and working of Indian railways.* (London: H.M.'s Stationery Office. 1921. 1s. 6d.)

Trade, Commerce, and Commercial Crises

NEW BOOKS

- HOSIE, A., editor. *Commercial map of China (Philips).* (London: King. 1923. 55s.)
- JEUDWINE, F. J. *Studies in empire and trade.* (New York: Longmans, Green. 1923.)
- MAURETTE, F. *Les grands marchés des matières premières.* (Paris: Colin. 1922. Pp. 198. 5 fr.)
- OTTEL, K. *Die Technik der wirtschaftlichen Verkehrs.* (Vienna: Hölder-Pichler. 1922. Pp. vii, 304.)
- PUTNAM, G. E. *Supplying Britain's meat.* (London: George G. Harrap & Co., Ltd. 1923. Pp. 196.)

Supplying Britain's Meat is an attractive summary of meat supply and distribution written by the consulting economist of Swift and Company, particularly for British readers. The volume is apparently not intended to be an exhaustive analysis of either production or distribution of meat, but merely to give in convenient, readable form the outstanding facts. The titles of the first four sections on sources of meat supplies, market distribution, development of meat export trade from North and South America, and the organization of the American packing industry, indicate sufficiently their contents. It is in the last three chapters that the purpose of the summary becomes somewhat clearer. Chapter 5, dealing with the report of the Federal Trade Commission, presents a viewpoint substantially similar to that embodied in the published replies of Swift and other packers to the Federal Trade Commission. Chapter 6, The British government and the American packers, presents arguments to show that the sensational press reports which followed the action of the Federal Trade Commission did not as a matter of fact present the true state of affairs, and that competition exists and has existed which would protect the interests of the British consumer in securing meat supplies from the United States. The closing chapter deals with the economic functions of packers, pointing out that meat prices cannot be controlled by any packer or group of packers, showing the relationship between meat prices and live-stock prices, and bringing out the work of the packers in conserving by-products.

H. R. TOSDAL.

- RASTALL, W. H. *Asiatic markets for industrial machinery*. U. S. Dept. of Commerce, Special agents series, no. 215. (Washington: Gov. Prtg. Office. 1923. 60c.)
- SARGENT, A. J. *Coal in international trade*. (London: King. 1922. Pp. 73.)
- TAYLOR, E. G. R. *The business man's geography. A compendium of general and post-war conditions in respect of overseas produce and overseas markets*. (London: King. 1923. 25s.)
- Foreign commerce and navigation of the United States, calendar year 1921*. U. S. Dept. of Commerce, Bureau of Foreign and Domestic Commerce. (Washington: Gov. Prtg. Office. 1922. Pp. lviii, 941. \$1.75.)
- Official reports of the Ninth National Foreign Trade Convention, held at Philadelphia, May, 1922*. (Philadelphia: Secretary, Nat. Foreign Trade Convention Headquarters. 1922. Pp. xxxii, 621.)
- Selected bibliography of foreign trade 1922*. (New York: National Foreign Trade Council, India House. 1922.)
- Trade and industry of Finland*. (Helsingfors: J. Simelius's Heirs Prtg. Co., Ltd. 1922. Pp. 746.)
- Year book and export register of the Federation of British Industries, 1922*. Edited by W. S. BARCLAY and E. A. NASH. (London: Federation of British Industries. 1922. Pp. 454, 339. 25s.)

Accounting, Business Methods, Investments and the Exchanges

Chain Stores: Their Management and Operation. By WALTER S. HAYWARD and PERCIVAL WHITE; with chapters by JOHN S. FLEEK and H. MCINTYRE. (New York: McGraw-Hill Book Company. 1922. Pp. 411. \$3.50.)

As a whole the volume contains much valuable material, such as has appeared during recent years in trade magazines like *Printers' Ink*. Occasionally it resorts to sweeping generalities, as in the first chapter, on principles of chain store operation, where it states that "a grocery store, for example, can operate on a population of ten thousand successfully." The A. & P. have many successful stores in smaller communities. In chapter 8, also, where under the heading "Competition" the authors discuss the policy of drug and grocery chains on private brands and substitution, and outline the bases of chain store competition (such as better displays, better locations, etc.) the statement is made, "The quantity discount is the independent's chief reason for being unable to meet chain store prices." The authors would have a hard time proving that. The reviewer believes that it is not true in many lines. For instance, any Fifth Avenue department store sells many toilet preparations cheaper than the chain drug stores around the corner on Forty-second Street.

In the second chapter, on the chain store field, chains are classified according to (a) geographical extent, (b) policy, (c) organization, (d) product sold. Although illuminating, the chapter is not adequate, as one of the most important classifications is between manufacturers' chains and independent retailing chains, which are only casually referred to in this section. In this connection, on page 30, the authors say, "The goods manufactured by the chain are sold at lower prices." From the context it would seem they refer to the Winchester Stores. If so, they are mistaken in their facts. Winchester rifles can frequently be bought in other stores below list, but never in Winchester stores. Their discussions are not always exact, as when they say (p. 23), "Since 1916, the Piggly Wiggly Company has opened 600 stores." The Piggly Wiggly proposition is one of licensing, and the Piggy Wiggly groups of stores in various sections are independent of each other.

The location of the chain store is covered in chapter 3. The authors divide chain stores into those which advertise and so can take a side street location, and those who do not, so that they require a location in the retail center. The analysis is good, but among chain store executives it is customary to classify according to the type of store and set up a requirement for each type. In many lines of merchandise, chain store executives feel it is better to spend promotion money on good locations than on advertising. The miscellaneous problems of renting, buying buildings, sub-leasing, etc., are outlined, together with the preliminary analysis of the location.

In a number of other points the field is inadequately covered. The discussion of arrangement and fixtures, chapter 4, is one instance, as the chain store has probably done more to improve retailing in connection with its development of arrangement fixtures and stock display systems than in any other way. Chapter 5, on purchasing, covers the general buying policies of the grocery and variety store chains, but does not touch on the practices of mens' clothing, or women's ready-to-wear and dry-goods chains. The authors are apparently less familiar with "The sales problem," chapter 7, and are acting largely as reporters, with the result that they digress into half truths. For instance, in their description of the Liggett "one cent sales" they have got only a part of the real story. If it were possible to sell two fifty-cent articles regularly for fifty-one cents and make a greater profit than by selling one article for fifty cents, one may be sure that Mr. Liggett would do it all the time rather than only once in six months.

Concerning "Pricing and turnover," chapter 9, the authors have collected both good and bad material, and the result is confusing. They accept the definition of mark-up of a factory accountant which is at variance with the established definition among retailers. And in

discussing profits they say, "Staples are essentially inert. The profit comes in selling articles for which the demand is not steady, but can be created." A successful chain-store merchant knows that his profits come from staples, and that they are *not* inert. Chapter 10, on expenses and profits, although interesting, contains some errors, as in chart 19 (p. 155), entitled "Percentage of profit required on gross." It gives department stores 4 per cent, the lowest of all, and grocery stores 15 per cent, the highest. In reality, grocery stores can operate on a much lower gross profit than department stores. Probably the department store figure is one of net profit on each dollar of sales, whereas the 15 per cent for groceries is probably the gross profit or mark-up.

Advertising is covered in chapter 11, apparently from the standpoint of one who thinks all retailers should advertise. Chain stores which handle staple, convenience merchandise, generally make their whole store an advertisement by locating at the crossroads of traffic. They spend their advertising appropriation for the extra cost of their location. Sufficient is the history of the growth of chain stores during the past few years to prove the soundness of their advertising (or non-advertising) policy up to the present. The future may require in addition a newspaper campaign; or choice locations may fetch prohibitive prices. But that is the future; not the past, or even the present.

Organization, training men for promotion, maintaining morale, and the store manager (chapters 12 to 15) are covered satisfactorily in brief compass. The next three chapters are by John S. Fleek, who is apparently connected with a grocery chain, and give in detail the record system for grocery warehousing and purchasing, and pricing system and pricing records for a grocery chain. Sound advice is offered on the financing of a chain store (chapter 19), and the succeeding chapter on insurance, by Mr. MacIntyre, is concise although somewhat of a propagandist nature. The last six chapters review the whole subject, each chapter being a résumé for a single type of chain, such as drug chains, grocery chains, etc. The main faults of the book are those of editing. To the experienced store man they will be confusing and annoying, and to the reader without such a background, misleading. It may be hoped that the authors will soon have an opportunity to revise the book, for it contains much good material never before collected in book form.

JOHN B. SWINNEY.

The Organization of Modern Business. By WILLIAM R. BASSET.
(New York: Dodd, Mead & Company. 1921. Pp. 271. \$2.00.)

The broad theme of Mr. Basset's book may be said to be a plea for "business building as opposed to business curing" (p. 252)—based on

the conception that business service is the only firm foundation for business success—and, secondarily, a demonstration of the indispensable part of the industrial engineer in preparing business to serve economically and profitably. That the author has too much good-humor and good sense to register a negative complaint with respect to the existing situation, but quite logically first sets about understanding the executive point of view, and then impersonally and frankly, without a trace of impatience, endeavors to show the executive where his true interests lie, is a good indication of Mr. Basset's own constructive outlook upon business. His viewpoint with respect to the engineer's relations with the business executive is candid, but at the same time understanding and constructive.

Experience has demonstrated to the author's own satisfaction that what "we loosely call business is an economic process, and whether we know it or not is permanently successful in the degree that it serves society"; and it has been his purpose "to do something towards making the larger demonstration" that this concept of business is practical and that opportunism is not only "very unsatisfactory to the industrial engineer" but in the long run unsatisfactory to the management itself.

From the standpoint of clear presentation of this "larger demonstration," however, it is to be regretted that the author has thought it necessary to defend at great length the existing social order as the best environment which man has so far been able to create for true business service. Such a defence not only appears wholly unnecessary but drags in a rambling, social-economic discussion, which, in the reviewer's opinion, befores the very important and well-handled central theme. This is no criticism of the writer's position with respect to the social-economic problems raised. Mr. Basset's summary of these problems is human, refreshing and constructively progressive, but it is difficult to talk successfully about two subjects at once, and the treatise loses in conciseness more than it gains in background.

One result of this dual theme is the exceeding difficulty of condensing the author's so-called "eleven principles of sound continuing business." He argues, however, in favor of a highly organized internal control of business. The work of the industrial engineer in planning and coordinating, in seeing to it that highly specialized tools and highly specialized plants, etc., are properly adapted to the business, in advice with respect to an organization which will insure smooth operating without destroying initiative, is clearly implied.

A well-developed argument supports the idea that, while no one business unit can do very much to affect the laws of supply and demand, business collectively organized for service and the securing of profits through the most economical performance of that service, rather than

upon speculation, would tend greatly to stabilize general business conditions and to reduce the cycles in business which we have come to take for granted. It is the author's contention that "supply never exceeds demand. . . . It is not the demand that ceases; it is that the supply has gotten too high-priced for the demand." That is, by business control based on knowledge of external conditions as well as internal, it is possible gradually to adapt a business unit to the external conditions which affect it with a minimum of disturbance, and in some cases even, in a sense, to control external conditions through a control of the sources of supply of raw materials and an internal control of operating which will reduce cost of production to a point where sales can be stimulated, even when sales resistance is high.

The author enters into an explanation of many forms of combination, citing the case of the United States Steel Corporation as an example of a single operating unit; the General Motors Company, in which many of the individual units are competitive and the benefits of whose union come chiefly from financial and engineering-management centralization; the Allied Chemical and Dye Corporation, a merger of five non-competing companies complementary in character—the combination giving financial strength and full utilization of by-products; and finally the trade association possible for the smaller business units.

Despite its loose organization, the book is stimulating and emphasizes a phase of business building too little understood at this time.

ARTHUR ANDERSEN.

NEW BOOKS

- BARNES, R. D. and EDGERTON, W. C. *Wall Street wisdom*. (New York: Staunton Pub. Co. 1922. Pp. 78.)
- BASSETT, H. H. *The shareholder's manual: an elementary and non-technical treatise on the investment of capital in stocks and shares*. (London and New York: Pitman. 1922. 3s. 6d.)
- BAYS, A. W. *American commercial law series: answers to questions and problems*. Revised edition. (Chicago: Callaghan. 1922. Pp. 253.)
- BEERS, J. W. *Invested capital accounting; based on the Internal Revenue act of 1918*. (Washington: Accountants' Pub. Co. 1922. Pp. xi, 307.)
- BELL, S. *Theory and practice of accounting, use in managerial control*. Two vols. (Chicago: American School. 1922.)
- BIENVENU, E. *Accounting and business dictionary: an encyclopedia of accounting, financial, commercial law and general business terms*. (New Orleans: Pynton Press Co. 1922. Pp. 314.)
- BOLTON, R. P. *Building for profit: principles governing the economic improvement of real estate*. Third edition. (New York: De Vinne Press. 1922. Pp. 133.)
- BROWN, D. L. *Export advertising*. (New York: Ronald Press. 1923. Pp. 342. \$4.)

BROWN, F. *Municipal bonds: a statement of the principles of law and custom governing the issue of American municipal bonds with illustrations from the statutes of various states.* (New York: Prentice-Hall. 1922. Pp. xi, 231.)

CAMPBELL, D. *The law of stockholders; including the law relating to transactions for customers of the New York Stock Exchange.* Second edition. (1922. Pp. xix, 250. \$4.50.)

CASTENHOLZ, W. *Cost accounting procedure.* (Chicago: LaSalle Extension Univ. 1922. Pp. xi, 333. \$3.50.)

Diagrams and charts are used very effectively in visualizing cost accounting procedure. These forms are complete in detail but are arranged so that they can be easily followed. The text material of the book is written in a simple and straight-forward manner. Factory cost comprises the bulk although there is one lengthy chapter devoted to marketing and selling expenses.

Manufacturing cost is divided in the conventional manner into material, labor, and overhead. Material is issued from stores at a price which includes freight charges and other expenses of handling it in the store-room. The method of establishing this overhead rate for material is carefully explained. Important chapters dealing with other matters than prime costs and manufacturing expense include the topics: general ledger control, interest on plant investment, process and departmental costs, foundry cost accounting, operation of a cost department, and installing a cost system.

For those who are looking for a clear exposition of the general principles and methods of the subject this book will prove very satisfactory. Concerning some of the more difficult aspects, such as determining costs of by-products, and distributing overhead in dull times much more might be done.

MARTIN J. SHUGRUE.

CHURCH, A. H. *The making of an executive.* (New York: Appleton. 1923. Pp. xvi, 457. \$3.50.)

COLBY, C. C. *Source book for the economic geography of North America.* Second edition. (Chicago: Univ. of Chicago Press. 1922.)

DAVENPORT, A. C. *The American live stock market; how it functions.* (Chicago: Drovers Jour. Print. 1922. Pp. 174.)

DENISON, R. F. *A manual for the issuing and sale of Ohio bonds and other public securities with forms of procedure.* (Cincinnati, O.: W. H. Anderson Co. 1922. Pp. 143.)

EDIE, L. D., editor. *The stabilization of business.* (New York: Macmillan. 1923. Pp. xii, 400. \$2.50.)

ELLIOTT, J. E. *Business library classification with index.* General edition with expanded section for financial libraries. (Chicago: Indexers Press. 1923. Pp. 226. \$5.)

FRENCH, G. *Tools of advertising.* Advertising fundamentals, the standard course of the United Y. M. C. A. Schools, book II. (New York: Association Press. 1922. Pp. vi, 196.)

GAUSS, C. A. and WIGHTMAN, L. I. *Sales and advertising; a practical*

treatise on selling problems. Two vols. (Chicago: American Technical Soc. 1922.)

GLOVER, J. W. and HEWES, L. J. *Highway bonds.* U. S. Dept. of Agriculture, bull. no. 136. (Washington: Dept. of Agri., Officer Public Roads. 1922. Pp. 78. 25c.)

GRAHAM, F. L. and HARRIS, F. W. *Patents, trademarks and copyrights.* Second edition. (Los Angeles: Young & McCallister. 1921. Pp. 118. \$1.75.)

DE HAAS, J. A. and SAPP, D. C. *Manual to "Business Organization and Administration."* (New York: Gregg Pub. Co. 1922. Pp. 34. 25c.)

HAMILTON, W. P. *The stock market barometer.* (New York: Harper. 1922. Pp. 325. \$3.)

This volume is made up of chapters based on a series of articles which appeared in Barron's. It represents a disconnected but interesting exposition of the Dow theory of stock market fluctuations. The author maintains that speculation as reflected in the stock exchange market "anticipates the development of business." An appendix contains the daily averages of railroad and industrial stocks in the Dow-Jones compilation for the period 1897-1922.

HAWKINS, R. H. *Notes on real estate in western Pennsylvania.* Third edition. (Toledo, O.: Press of H. J. Chittenden Co. 1922.)

HOBSON, A. and CHANEY, J. B. *Sales methods and policies of a growers' national marketing agency.* U. S. Dept. of Agriculture, bull. no. 1109. (Washington: Gov. Prtg. Office. 1923. Pp. 35. 10c.)

HOENIG, L. J. *Modern methods in selling.* (Indianapolis: Bobbs-Merrill Co. 1922. Pp. 299.)

HOLLAND, R. W. *Questions and answers on commercial law.* (London and New York: Pitman. 1922. 5s.)

JACKSON, J. F. *Boston—the public trustee plan.* Reprinted from *National Review Supplement*, vol. 10, no. 2, Feb., 1921. (Boston: Elevated Railway. 1921. Pp. 6.)

KESTER, R. B. *Accounting theory and practice; a textbook for colleges and schools of business administration.* Vol. I—*First year.* Second edition. (New York: Ronald. 1922.)

KILDUFF, F. W. *Standard inventory manual.* (Chicago: Accounting Standards Corporation. 1922. Pp. vii, 227.)

KOEHLER, T. *The accounting mentor of theory and practice.* Vol. I. (New York: Triservice Accounting Corp. 1922. Pp. 421.)

———. *The accounting quiz-answer.* Vol. XII. (New York: Triservice Accounting Corp. 1922. Pp. 323.)

LITTLE, A. S. *Serial bond maturities; a table of key numbers for obtaining with readiness and ease level-tax maturities for serial bonds, at various usual coupon rates to be retired in any number of instalments from 5 to 40 years; devised and computed by author.* (St. Louis, Mo.: Author, First National Co. 1922. Pp. 63. \$10.)

LYNDON, L. *Rate-making for public utilities.* (New York: McGraw-Hill. 1923. Pp. vii, 209.)

McKINSEY, J. O. *Budgetary control*. (New York: Ronald Press Co. 1922. Pp. viii, 474. \$4.25.)

One of the foremost characteristics of modern business has been the development of general principles upon which all business may be conducted, and the application of these principles to the needs of the individual enterprise. A beneficial result has been the attempt—successful in many cases—to coördinate the primary business functions, and to deal with each in its relation to the business as a whole.

A comprehensive and detailed exposition of a method of accomplishing this coördination of functions is the purpose of *Budgetary Control*. As a logical approach to the subject the author first discusses the meaning of budgetary control; this is followed by an interesting discussion of the interdependence and interrelation of business activities and of the need for a balancing or coördinating of them. Business, broadly speaking, has only three major functions—that of selling, of producing or manufacturing, and of financing. These major functions are (or should be) served by the two great tools of management, namely, accounting and statistics; budgetary control is a combination of accounting and statistics.

The adoption of a comprehensive program having been decided upon, the organization that is needed to prepare the budget and to establish through its use a control over performance is next presented. Professor McKinsey then discusses the installation of budgetary control and its effect upon the major business functions. The greater portion of the volume relates to this discussion and some seventeen chapters are devoted to the various budgets, subdivided for the selling function as between sales, selling expense, and advertising; for manufacturing into the production budget, the materials budget, the labor budget, the manufacturing expense budget, and the purchases budget; and with chapters on the general expense and on the financial budgets. With reference to the labor budget a special chapter is included on the welfare expense budget.

Administrative control, in the words of the author, necessitates the use of estimates; the preparation and use of the estimated balance sheet and statement of profit and loss are explained as the means of presenting the anticipated results of the budget period. Final chapters on administrative reports, on the advantages and limitations of budgetary control, and on the possibilities of budgetary control for non-commercial enterprises produce a well-rounded and thoroughly usable manual of procedure.

Professor McKinsey has not only covered the field of budgetary control for a commercial enterprise, but, in the opinion of the reviewer, he has done it with remarkable clearness; in simple language he has presented the principles that control a most difficult and elusive phase of business management—the coördination or balancing of the functional activities of a business enterprise. *Budgetary Control* is the first exhaustive treatise on commercial or business budgets and opens up to the younger generation of accountants an increasingly interesting and important field of business service.

J. HUGH JACKSON.

McKINSEY, J. O. *Financial management, an outline of its principles and problems*. Two vols. (Chicago: American School. 1922.)

MACKINTOSH, C. H. *Creative selling: making and keeping customers.* (New York: Appleton. 1923. Pp. xiv, 183. \$1.50.)

"The object of this book by a former international president of the Associated Advertising Clubs of the World, is to organize, simply and clearly, the method that must be employed in developing the quality of mind needed for the worth-while work of our times. In this age the question is one of *selling*—whether of products or ideas."

MORGAN, C. S. *Regulation and the management of public utilities.* Hart, Schaffner and Marx prize essay in economics. (Boston: Houghton Mifflin. 1923. \$2.50.)

NEWLOVE, G. H. *C. P. A. accounting: theory, questions and problems.* Vol. III. (New York: Associated Press. 1922.)

———. *Cost accounts.* Preliminary edition. (Washington: White Press Co. 1922. Pp. 124.)

Solutions to "Cost Accounts." (Washington: White Press Co. Pp. 34.)

NICHOLS, F. G. *Elementary bookkeeping exercises for class drill.* (New York: American Book Co. 1922. Pp. iv, 156.)

PAGE, W. H., editor. *The Ohio uniform acts, negotiable instruments, sales, warehouse receipts, taken from the Revised Compact Edition of the General Code of Ohio.* Printed for the John Marshall School of Law of Cleveland. (Cincinnati, O.: W. H. Anderson Co. 1922.)

POROSKY, M. *Practical factory administration.* (New York: McGraw-Hill. 1923. Pp. ix, 244. \$2.50.)

PRUDDEN, R. F. *Bank credit investigator.* (New York: Bankers Pub. Co. 1922. Pp. 192. \$1.50.)

Discusses the development and organization of the bank credit department, agency reports, statement analysis, and interviewing commercial paper brokers, bankers, and trade houses.

RAGLAND, R. E. *California business laws and forms, property rights, legal and commercial forms, glossary of legal and commercial terms in common use, condensed motor vehicle laws.* New enlarged and revised edition. (Oakland, Cal.: A. V. Lake & Co. 1922. Pp. 87.)

READ, J. B. *The law of sales.* (New York: Appleton. 1923. Pp. xviii, 229. \$2.)

The author is assistant professor of business administration in the University of Wisconsin. The volume is the outgrowth of the result of teaching this subject to adults through correspondence study.

REED, W. B. *Bituminous coal mine accounting.* (New York: McGraw-Hill Book Company. 1922. Pp. ix, 221. \$3.00.)

What has been accomplished in establishing a uniform cost finding system for the bituminous coal mining industry is the main theme of the author. The opening chapter describes the results of the Federal Trade Commission's cost studies and reproduces the various coal report blanks used in this work. Successive chapters deal with mine tonnage record, the day labor record, and data concerning yardage and dead work. Daily cost sheets, accounting for supplies, power house fuel, royalties, and depletion of mineral are then briefly discussed. The treatment of

amortization of leasehold values and depreciation is good, and is, made especially helpful by the use of selected tables. Other matters presented include general operating expenses, sales statistics, the store department, the use of a voucher system, and the balance sheet accounts. Whereas many of the topics are not treated very fully this is to be expected in a subject that is new and hitherto lacking any appreciable degree of uniformity of practice. Cost accounting for soft coal mines is now generally conceded as being essential and the author has done well in preparing one of the first contributions in this field.

M. J. SHUGRUE.

RIGGS, H. E. *Depreciation of public utility properties, and its relation to fair value and changes in the level of prices.* (New York: McGraw-Hill. 1922. Pp. ix, 211.)

ROBEY, L. W. *Real estate and conveyance in Pennsylvania, with forms, and decisions to date.* (Philadelphia: G. T. Bisel Co. 1922. Pp. xv, 708.)

ROSENTHAL, M. S. *Technical procedure in exporting and importing.* (New York: McGraw-Hill. 1922. Pp. vii, 312.)

Written to cover a specific field in exporting and importing, the actual handling of export and import shipments, the combination of completeness and conciseness in the presentation of the content makes this book a substantial addition to the literature on this subject. In its amplitude and clearness of illustration and its careful indexing it should serve well as a handbook for the layman or a textbook for the student. It makes no attempt to discuss selling or merchandising problems but presents many examples of specific practice and actual forms employed in export shipment, customs procedure, packing for export, marine insurance, and financing of export and import shipments.

W. E. F.

RUEGE, J. H. and GRAHAM, W. B., compilers. *Trade mark laws of the world; from the library and records of William Wallace White.* (New York: Trade Mark Law Pub. Co., 233 Broadway. 1922. Pp. xi, 1007. \$15.)

SALADE, R. F. *Sales suggestions for paper box manufacturers; a practical book, designed particularly for the purpose of offering suggestions to paper box manufacturers for promoting new business.* (Lafayette, Ind.: Shears Pub. Co. 1922. Pp. 149.)

SCHULZ, A. K. *Bank bookkeeping.* (New York: American Inst. of Banking. 1922. Pp. 189.)

SCOTT, F. L. *Autosuggestion and salesmanship; or, imagination in business.* (New York: Am. Lib. Service. 1923. Pp. 150. \$1.50.)

SIMONS, A. M. *Production management; control of men, material and machines.* Two vols. (Chicago: American School. 1922.)

SKINNER, T. *The stock exchange year-book for 1922.* 48th year of publication. (London: Thomas Skinner & Co. Pp. 2868. 50s.)

SMITH, W. A. *The organization of a small business.* (New York: Pitman. 1922. Pp. 119. 85c.)

SPENCER, W. H. *Law and business*. Three vols. (Chicago: Univ. of Chicago Press. 1921 and 1922. Pp. xviii, 611; xviii, 670; xviii, 653. \$4.50 each.)

According to the publishers' announcement the material of these three volumes has been fitted into a coherent program of business education, consisting of five functional courses preceded by an introductory or scope course, to which the first volume is devoted. The second and third volumes are worked out in terms of the various relations or functions which are typically characteristic of all forms of business. Each case or unit of material is followed by a series of problems or questions. Volume I is an introduction; volume II deals with law of the market and law of finance; volume III, with law of risk bearing, law and labor, law and the forms of the business unit.

STEARNS, A. A. *The law of suretyship, covering personal suretyship, commercial guaranties, suretyship as related to bonds to secure private obligations, official and judicial bonds, surety companies*. Third edition. (Cincinnati, O.: W. H. Anderson Co. 1922. Pp. xiv, 722.)

STOCKDER, A. H. *Business ownership organization*. (New York: Henry Holt & Co. 1922. Pp. xvii, 612.)

This covers an old field and yet fills a great need in the teaching of corporations and combinations. Beginning with a well-written and accurate, though brief, discussion of the economic and legal background of modern business, Mr. Stockder proceeds to a detailed study of the various forms of business. His treatment of the partnership, the business trust, and the corporation is clear and comprehensive, with sufficient attention to the details of ownership organization to give the student a real picture of the workings of a business unit.

In discussing business combinations, he gives an accurate and unbiased explanation of their growth, deals concisely with the various forms of combination, and by means of diagrams and charts representing important American companies brings out clearly the principles of control. Following the chapters on combinations, he gives a fair and discerning criticism of the American system of business control, analyzes the legal measures already developed for the regulation of big business and offers a few pages of suggestion for our future policy. At the end of the book, there is a well-selected group of business forms and documents.

FLOYD E. ARMSTRONG.

TOWNLEY, W. C. *Commercial law for high schools, business colleges and business men*. (New York: H. Holt & Co. 1922. Pp. xx, 265.)

VARDAMAN, B. R., editor. *Business efficiency*. Vol. IV. (Chicago: Lincoln Inst. 1922. Pp. x, 305.)

WHEELER, C. C. *The marketing of mill feeds*. U. S. Dept. of Agriculture, bull. no. 1124. (Washington: Gov. Prtg. Office. 1923. 5c.)

Analysis of financial statements of Nebraska general stores. By the Committee on Business Research. Nebraska studies in business, bull. no. 3. (Lincoln, Neb.: Extension Div., Univ. of Nebraska. 1923. Pp. 20. 50c.)

Automotive markets and how to reach them. (Chicago: Reuben H. Donnelley Corp., 652 South State St. 1923. Pp. 32.)

- Locating the factory.* (Bethlehem, Pa.: Lehigh and New England Railroad Co., Traffic Dept. 1922. Pp. 39.)
- Marketing farm products.* Circular no. 130. (Lexington, Ky.: Univ. of Kentucky, College of Agri., Extension Div. 1922. Pp. 27.)
- Production costs in the manufacture of phonograph records*, by E. J. BORTON; *Cost problems in the wrought iron industry*, by C. G. JENSEN; *Prices, profits, and production*, by A. F. STOCK and M. B. GORDON; *Cost accounting for cranes and hoists*, by P. E. STOTENBUR; *Cost accounting in the tool steel industry*, by J. J. KEEFE; *Cigar manufacturing costs*, by A. H. BERMAN; *War-time depreciation in open hearth steel plants and rolling mills*, by J. I. RODALE. Official publications, Dec. 15, 1922; Jan. 2 and 15, Feb. 1 and 15, March 1 and 15, 1923. (New York: National Association of Cost Accountants, Bush Terminal Bldg., 130 West 42nd St. 25c each.)
- Patents: law and practice.* Second edition. (New York: Richards and Geiser. 1922.)
- Practical ways to cut costs*, by the readers of *Factory*, *The Magazine of Management*, who out of their experiences, have contributed these 162 ideas to the common fund. (Chicago: A. W. Shaw Co. 1922.)
- Railway accounting procedure.* 1922 edition. (Washington: Railway Accounting Officers Assoc., 1116 Woodward Bldg. \$1.)

Capital and Capitalistic Organization

NEW BOOKS

- FARRELL, H. *The Sherman law: an anchor—to yesterday; a plea for its modernization in the interest of "self-government in business"; with particular reference to trade associations.* Commercial library, no. 9. (New York: N. Y. Commercial, 38 Park Row. 1922. Pp. 56. 25c.)
- HAMILTON, B., editor. *The Michigan corporation code, including commentaries and annotations together with corporation forms.* Third edition. (Detroit: F. S. Drake. 1922. Pp. xxxi, 759.)
- JONES, F. D. *Trade association activities and the law: a discussion of the legal and economic aspects of collective action through trade organizations.* (New York: McGraw-Hill Book Co. 1922. Pp. xii, 360. \$3.)

Mr. Jones has made in this discussion a timely contribution in a field which presents much that is perplexing to both economists and business men. That collective action of business men for some purposes is economical, desirable, and eminently proper has not been questioned. However, during the past few years many trade associations have emerged from a state of innocuous desuetude into active bodies performing or attempting to perform functions of vital concern to members and to the industries. As a consequence, the uncertain state of our laws regarding association action has become a matter of concern—well illustrated by the interchange of correspondence which recently took place between the Secretary of Commerce and the Attorney General. The results of the study of trade associations subsequently undertaken by the Department of Commerce will undoubtedly appear in the near future.

To his interpretation of the present situation Mr. Jones has brought abundant experience as a lawyer and a willingness to gather the facts concerning trade association activities. The bulk of the volume is devoted to a series of careful discussions of particular trade association activities, such as the dissemination of business facts, study of cost and accounting systems, standardization, industrial research, labor relations, coöperative advertising, traffic management, commercial arbitration, foreign trade, and government relations, as well as certain protective and miscellaneous activities. The treatment of trade association functions is introduced by chapters upon the rules of competition and the purposes of the laws regulating competition and is concluded by a recital of the collective activities prohibited by law. While Mr. Jones stresses, of course, the legal aspects of trade association activities, he has collected a very large amount of information which will be of general interest.

H. R. TOSDAL.

PASSOW, R. *Die Aktiengesellschaft*. Second, revised and enlarged edition. (Jena: Fischer. 1922. Pp. xiv, 579.)

REES, J. M. *Trusts in British industry, 1914-1921. A study of recent developments in business organization*. (London: P. S. King & Son. 1922. Pp. vi, 269.)

The tendency toward combination so conspicuously exemplified in the German and American trust movements of the 80's seemed to pass England by. Moreover, the formation and development of numerous combinations beginning in the late 90's did not suffice to place the combination movement in England upon a basis comparable in importance and results with that which had taken place in the United States. However, the war quickened trust development, so that the author, Mr. Rees, is now satisfied that trade associations and combines are rapidly increasing and that "British trade at present (in the autumn of 1921) is under the paramount control of large combines governed and directed by the large money and banking trusts whose power over public deposits, over drafts and loans is so great as to give them in all cases control of the levers that set trade in motion" (p. 245). These conclusions are reached after a brief study of historical precedent of other countries and a more detailed study of combinations in various groups of important British industries, the latter taking up the larger part of the volume. The material used is largely drawn from the various government reports issued under the authority of the Standing Committee on Trusts. In line with Mr. Rees's conclusions as to the extent of development are his recommended remedies; first, state ownership of primary industrial enterprises of power, that is, coal, electricity, and oil, and all forms of transport; nationalization of banking is also said to be essential. Once these steps are taken, Mr. Rees feels that any particular trust could be effectively dealt with. The second remedy is that of increased publicity. While many will disagree with Mr. Rees's recommendations and conclusions, there can be no doubt that he has performed a service in analyzing the new material available and showing the extent of trust development in England since the beginning of the war.

H. R. TOSDAL.

Labor and Labor Organizations

The Clothing Workers of Chicago 1910-1920. Prepared by the Research Department of the Amalgamated Clothing Workers, under the direction of LEO WOLMAN, assisted by ELEANOR MACK, H. K. HERWITZ and PAUL WANDER. Published by the Chicago Joint Board of the Amalgamated Clothing Workers, and presented to the delegates of the fifth Convention of the A. C. W. in Chicago, May 1922. (Chicago: A. C. W., 31 Union Sq. 1922. Pp. 424.)

The volume under review is a noteworthy addition to the literature on trade unionism and industrial relations. After describing the nature and development of the Chicago Joint Board in the first chapter, five chapters are devoted to the growth of the organization. In this part the conditions which led to the strike of 1910 are summarized, and the steps taken in developing the agreement system, first with the firm of Hart Schaffner and Marx, and then extended in 1919 to the Chicago market, are traced with ample detail to portray the real character of the problems involved in the clothing trade from the workers' point of view. The essential provisions of the arbitrational system negotiated between the union and the employers are given and the reasons for the provisions explained.

The second part is devoted to wages and hours. The two chapters devoted to these subjects show the effect of the agreement system on wages and hours, as well as the principles used in the arbitration on these subjects during the period covered by the volume. Part three treats of government in industry. Here in six chapters the effect of the agreement system on the powers of management, discipline, and discharge, working conditions, adjustment of wages, and the operation of the preferential principle are described in detail. Finally the volume contains two brief appendices, one giving citations to the individual cases arising under the impartial machinery and referred to in the body of the text, and the other to the comparison of the earnings of various classes of full-time employees under the agreements of 1911 and 1919.

The volume shows in its preparation skilful and intelligent understanding not only of the industrial relations problem but also of the objectives of the workers in this industry. As he progresses through the book, the reader is impressed by a pride of accomplishment. There is never any question as to where the credit for the improvements in this industry belongs. The transformations that have taken place warrant a justifiable pride on the part of the union for its participation not only in the improvement of conditions for the workers, but also in the

construction of one of the most effective systems of dealing with industrial relations that has been developed in this country.

This enthusiasm for the beneficent effects of the union has led to some conflicting statements of the following character: On page 104 we are told that the strike of 1915 "was called off"—"It was not lost." Then on page 109, referring to the same strike, we are told that "the failure of this strike was followed in 1916 by a strike of cutters." From the context in each case, the impression is left that the failure of the strike was apparent and the real effect was to stimulate organization as a preparation for the greater success to follow. There are many references of this character in the volume, which can be accounted for by the desire to give credit when credit is due, and to this extent the volume falls short of a purely scientific treatment of the subject.

To those interested in the experiments in industrial relations the important portions of the book are found in part III. Here the effect of the agreement system on the operations of the industry are shown and ample illustrative material taken from concrete cases is furnished. The two most important sections of this part deal with the "Powers of management," and "Discipline and discharge." The effect of collective bargaining is definitely to limit the powers exercised by management. The great bone of contention between employers and unions in most cases has been over the relative powers to be exercised by each. Most trade unions mean by collective bargaining a recognition of union officials as the representatives of labor, and the adjustment of differences by negotiations between management and union officers. Failure to agree in this situation means a strike. But in the agreement system in the clothing industry, the resolving of differences is left to the impartial machinery, which is mutually supported by the union and employers. Case after case is cited showing how far the union has gone in demanding and securing recognition of this principle of collective action. The principle has been applied not only to interpretation of the agreement, but to matters of efficiency and discipline.

No doubt many of the employers in reading this book have smiled at the claim of discipline exercised by the union over its members in the direction of greater efficiency. For the union to challenge management's right to maintain discipline is to strike at a vulnerable point in the employer's thought. He has his eye on cost and output, while the employee is interested in wages and continuity of employment. Harmony of interests do not always exist between the two at this point. To turn discipline over to the impartial machinery is likely to impress the employer as a step in the direction of inefficiency. His methods have been more direct and immediate than are possible under the system of negotiation.

However, as an experiment in industrial relations, this plan is signif-

cant. The union has successfully maintained its claims for the adjustment of many questions of discipline through the impartial machinery. Through this system of adjustment group responsibility for efficiency and discipline is asserted. While the plan may often test the patience of employers, to the student of the subject the declarations of the union are significant. The position of the union on this subject is expressed in this volume as follows: "Similarly, the union, as spokesman for the workers, accepts certain obligations toward the employerthe rights of the employer are those of management. They bear chiefly on the control of production and the operation of the factory. They are not absolute rights, but are to be exercised with reasonable restraint, and with due regard to the rights of the workers affected. As such, the union acknowledges the employer's rights and thereby accepts the responsibility for upholding them, even against its own individual members, if necessary. Concretely, the union undertakes to see to it that, so far, at least, as the matter rests with the workers, there shall be no unnecessary interruption or interference with production and no unwarranted disorder in the shop. The authority of the management over the workers is to be upheld so long and so far as it is exercised in accordance with the agreement, or the custom of the market" (page 256-7). The initiative in maintaining shop discipline still rests with the employer, and the function of the union is that of backing up the employer and the impartial machinery in the enforcement of the employer's rights under the agreement. While this plan may seem unsatisfactory to employers, the fact that the union has put itself on record in favor of supporting the employer in maintaining efficiency and discipline, so long as these rights are maintained through the impartial machinery, is a significant point in industrial relations. Few unions, operating under an agreement system, have gone so far in assuming group responsibility for efficiency. The declaration on this point should strengthen the employers before the impartial machinery in maintaining discipline and efficiency.

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A History of Trade Unionism in the United States. By SELIG PERLMAN. (New York: The Macmillan Company. 1922. Pp. viii, 313. \$2.00.)

Ever since the appearance of the *History of Labour in the United States* by Commons and associates, in 1918, we have been waiting for some one of that group to present the results of their collective study in briefer compass and more flowing style. The performance of this service accounts for the first half of Professor Perlman's book. In the second half he carries the story down to date from 1897, where the

History of Labour left it, and tops it off with four chapters of general interpretation.

This is a history of the American labor movement in general, not a study of the development of trade union structure, internal government and regulatory policies. The emphasis is on general tendencies and the general conditions which produced them. It represents a difficult task well done. Some may prefer a different distribution of emphasis or offer other interpretations here and there, but Professor Perlman's book is a distinct advance over anything of its kind hitherto available.

It may seem ungracious to single out for adverse criticism specific statements in a work of this general nature. There are two assertions, however, that I am unwilling to pass over without comment. The author states (on page 142) that "the era of trade agreements really dates from the national system established in the stove foundry industry in 1891." He qualifies this by references to earlier local agreements and to the national agreement in the iron and steel industry, but dismisses the latter on the ground that "that trade was too exceptionally strong to be typical." In view of the fact that in addition to the iron and steel workers, the three national unions in the glass trades—the Flint Glass Workers, the Bottle Blowers, and the Window Glass Workers—had been making district or national trade agreements for years before 1891, it would seem fairer to regard the stove molders' agreement as the culmination of the earlier period of development of this kind of bargaining rather than the beginning of an era. It logically belongs with the period before 1893, rather than with the period of development which opens in 1897 or 1898.

The author refers (page 259) to the "repeated endorsement by the conventions of the American Federation of Labor" of the "Plumb Plan for nationalization of railways." I have no quarrel with his appraisal of the action of the Federation. It is misleading, however, to say that the Federation endorsed the Plumb plan. No convention of the Federation has specifically endorsed the Plumb plan. The 1920 convention adopted a resolution favoring "government ownership and democratic operation" of the systems of transportation, but the *Report of the Proceedings* of that convention shows that it was made clear before the vote was taken that the resolution did not carry with it an endorsement of the Plumb plan. A similar resolution was adopted by the 1921 convention of the Federation but, so far as the *Report* of the convention shows, the Plumb plan was not mentioned either in the resolution or in the debate which preceded its adoption.

D. A. McCABE.

Princeton University.

NEW BOOKS

- ADAMS, W. W. *Quarry accidents in the United States during the calendar year 1921*. U. S. Dept. of the Interior, Bureau of Mines, Technical paper 329. (Washington: Gov. Prtg. Office. 1922. Pp. 90. 10c.)
- ALCOCK, G. W. *Fifty years of railway trade unionism*. (London: Co-operative Prtg. Soc. 1922. Pp. xvi, 631.)

BEMAN, L. T., editor. *Selected articles on the closed shop*. Second edition, revised and enlarged. (New York: H. W. Wilson Co. 1922. Pp. lxxi, 282. \$2.)

This second edition of a book first appearing in 1921 seems called for, as the editor states in his preface, by the rather active campaign against the closed shop which has been made during the depression. Its value to the economist is chiefly as a by-product of its usefulness to debaters. Whatever pedagogical doubts we may have as to placing so much pre-digested material in tabloid form before college youth, we must admit that the job is well done. The briefs which occupy some twenty pages are quite detailed and logical; and the bibliography shows an omniscience and up-to-dateness that could only be expected from the publishers of the *Readers' Guide* and other library aids.

The new material appended occupies eighty pages and is classified into "general," "affirmative," and "negative" in the same manner as the first portion. Aside from a very helpful contribution to the discussion of terminology from Paul Studensky (New Jersey State Chamber of Commerce), and one or two other selections, the controversy in this new part is centered, with some perhaps unavoidable repetition, upon the declarations made by the churches, both Catholic and Protestant, against the "open shop campaign." Noel Sargent for the Manufacturers' Association presents an argument on the high cost of the closed shop; and Henry H. Lewis, in reply to the church declarations aforesaid, declares that instead of being a "conspiracy" on the part of a few large employers, the open shop campaign represents the candidly expressed views of all representative employers' associations and many chambers of commerce.

W. B. CATLIN.

BIENENSTOCK, E. A. *Proposed federal minimum wage law*. (Milwaukee, Wis.: Author, President of Milwaukee Tank Works. 1922. Pp. 11.)

"Unsponsored by any political or class group, this neutral proposal is offered as one in which all may unite for mutual benefit."

BRAUN, K. *Die Konzentration der Berufsvereine der deutschen Arbeitgeber und Arbeitnehmer und ihre rechtliche Bedeutung*. (Berlin: Julius Springer. 1922. Pp. vii, 118.)

BRAUER, T. *Lohnpolitik in der Nachkriegszeit*. (Jena: Fischer. 1922. Pp. vii, 202.)

CALDER, J. *Capital's duty to the wage-earner. A manual of principles and practice on handling the human factors in industry*. (New York: Longmans, Green. 1923. Pp. xii, 326. \$2.25.)

CARROLL, M. R. *Labor and politics: the attitude of the American Federation of Labor toward legislation and politics*. Hart, Schaffner & Marx prize essays, no. 83. (Boston: Houghton Mifflin Co. 1923. Pp. xix, 206. \$2.)

DAVIS, J. J. *The iron puddler*. (Indianapolis, Ind.: Bobbs-Merrill Co. 1922. Pp. 276.)

FRANÇOIS-PONCET, A. and MIREAUX, E. *La France et des huit heures*. (Paris: M. Rivières. 1922. Pp. 268. 7 fr.)

FRANKFURTER, F. *District of Columbia minimum wage cases; the Children's Hospital of the District of Columbia, a corporation, appellant, vs. Jesse C. Adkins and others constituting the Minimum Wage Board; W. A. Lyons, appellant, vs. Jesse C. Adkins; brief for appellees*. (New York: National Consumers' League. 1922. Pp. 453.)

HOLMES, C. L. *Wages of farm labor*. Technical bull. 4. (St. Paul, Minn.: Univ. of Minnesota, Agri. Exp. Sta., Univ. Farm. 1922. Pp. 65.)

HORN, D. *The reconstruction of society via labor confederation*. (Detroit, Mich.: Author. 1923. Pp. 25.)

Written by a factory worker. "It attempts the impartial suggestion of a project of reorganizing society through the medium of 'one big union' of the workers of the world."

HUGGINS, W. L. *Labor and democracy*. (New York: Macmillan. 1922. Pp. 213.)

Presiding Judge Huggins of the Kansas Court of Industrial Relations is also the author of *The Kansas Industrial Act*. In this little book he presents a somewhat diffuse account of the history of the act and a defense of its underlying ideas. He asserts Kansas to be the first among all the governments in the world to *adjudicate* industrial disputes. He refers frequently to "principles" on which such disputes are to be adjudicated, but under that title gives us descriptions of *procedure* only. The assertion that these principles may be derived in part from the common law and the decisions of courts of last resort will not satisfy the economist. An appendix contains the act in full and opinions of the court in cases which appeared before it. The book is of value to the student of labor problems, because of these materials and for the light it sheds on the mental background of the author.

G. A. K.

JOHNSON, J. E., compiler. *Kansas Court of Industrial Relations*. The reference shelf, vol. I, no. 4. (New York: H. W. Wilson Co. 1922. Pp. 71. 75c.)

LAZARD, M. *Compulsory labour service in Bulgaria*. Studies and reports, series B, no. 12. (Geneva: Intern. Labour Office. 1922. Pp. 158.)

———. *La question du chômage*. Lecture read before the Comité National d'Etudes Sociales et Politiques, January, 1922. (Paris: Comité National d'Etudes. 1922. Pp. 32.)

LEIBROOK, O. *Geschichte, Organization und Aufgaben der Arbeitgeberverbände*. (Berlin: Otto Elsner. 1922. Pp. xii, 140.)

LYNCH, J. *Business methods and accountancy in trade unions*. (London: King. 1923. 12s. 6d.)

MACASSEY, L. *Labour policy, false and true. A study in economic history and industrial economics*. (London: T. Butterworth, 15 Bedford St. 1922. Pp. 320. 7s. 6d.)

- MANEVY, R. *La défense des huit heures*. Preface by L. JOUHAUX. (Paris: Le Peuple. 1922. Pp. 52. 1 fr.)
- MITCHELL, A. A. *The breakdown of minimum wage. A memorandum on unemployment*. (Glasgow, Scotland: Maclehose. 1922. Pp. 28.)
- OLDS, M. *Analysis of the Interchurch World Movement Report on the Steel Strike*. Foreword by J. W. JENKS. (New York: Putnam. 1922. Pp. xxiv, 475. \$2.50.)
- OLIVETTI, G. *I contratti collettivi di lavoro in Italia*. (Rome: Athenaeum Soc. Ed. 1922. Pp. 47. 1.50 l.)
- PATERSON, A. *The weapon of the strike*. Foreword by SIR W. PETER RYLANDS, and the RIGHT HON. ARTHUR HENDERSON. (London: Hodder & Stoughton. 1923. Pp. 291.)
- PELL, C. E. *The riddle of unemployment and its solution*. (London: Cecil Palmer. 1922. 7s. 6d.)
- POTTHOFF, H. *Das neue Arbeitsrecht. Referat auf dem Abgeordneten-tage Ostern 1922 in Erfurt*. (Düsseldorf: Werkmeister-Buchhdlg. 1922. Pp. 16. 2.50 M.)
- POUND, A. *The iron man in industry. An outline of the social significance of automatic machinery*. (Boston: Atlantic Mo. Press. 1922. Pp. xiv, 230. \$1.75.)
- ROWE, J. W. F. *Wages in the coal industry*. (London: King. 1923. Pp. 190. 10s. 6d.)
- TIPPER, H. *Human factors in industry: a study in group organization*. (New York: Ronald Press Co. 1922. Pp. v, 279. \$2.)

There are really three distinct parts to this book, though the author may not have intended it so, or been aware of it in writing it. The first eleven chapters deal with the organization of industry and its educational and political environment. Then chapters XII and XIII contain rather an exhaustive account of experiments with employee representation and democracy in industry, with considerable illustrative material in the way of organization charts and constitutions and by-laws. The last nine chapters on the worker and the job, incentive, fatigue, fitting the job to the man, the wage system, bonuses and profit-sharing, industrial relations department, open shop, and the outlook, give the essence of the author's views on these subjects based upon years of practical experience in dealing with industrial problems.

The three parts of the work are of unequal merit. The first part is an analysis of present and recent conditions in industry in this country and England. This analysis is characterized by an apparent striving after striking statements rather than accurate descriptions and carefully qualified explanations. The word sweeping might be applied to this portion of the book. The author indicts the labor unions, the government in its policies of regulation, and in fact everything and everybody, and is extremely pessimistic about the future.

The latter part of the book shows the author at his best. He really has faith in the future of industry and makes many practical and constructive suggestions looking towards the improvement of industrial relations.

TRACHTENBERG, A. and GLASSBERG, B., editors. *The American labor year book: 1921-1922*. Vol. IV. Pp. 454. (New York: Rand School of Social Science. 1922. Pp. 454. \$2.)

It may be questioned whether this work, which has been issued biennially since 1916, should bear the title of a yearbook, and it may also be questioned whether it is fully entitled to be called American, since nearly half of the space in it is devoted to labor and socialist activities in other countries.

The book contains a great deal of information not easily obtainable elsewhere. Too much of it, perhaps, is in the nature of a record of current events which are not of great permanent importance; too much of it deals with the ills and evils to which labor is exposed and subjected; and too little, with the improvement in the condition and status of labor.

More space is given to socialism and radical labor organizations than their relative importance in the labor movement in the United States would warrant. This same lack of proportion is shown in dealing with individual unions and events. For example, most of the national and international unions are merely listed in the current statistics of membership of the American Federation of Labor, while pages are given to the history of the Painters' Union of New York City and more pages to the United Cloth Hat and Cap Makers of North America. More space is given to the New York Fur Workers' strike in 1920, which no one outside that city ever heard of, than to the great steel strike of 1919-1920. A more liberal use of the blue pencil by the editors and somewhat less reliance upon the work of special contributors would have remedied these and some other defects.

C. W. DOTEN.

VEYSSIE, R. *Le régime des huit heures en France, enquête, documents et commentaires*. (Paris: Editions du Monde Nouveau. 1922. 5 fr.)

WALKER, C. R. *Steel, the diary of a furnace worker*. (Boston: Atlantic Mo. Press. 1922. Pp. vii, 157. \$1.75.)

An intimate and frank description of the life of a steel worker, a graduate of Yale, who worked on an open-hearth furnace near Pittsburgh to learn the steel business. The experience represents conditions in 1919. "The book is a narrative—heat, fatigue, rough-house, pay, as they came in an uncharted wave throughout the twenty-four hours." The daily life of work in the night shift, the twenty-four hour shift, and blast-furnace apprenticeship is vividly described. In the closing chapter the author writes: "I have no brief to offer for the eight-hour day as a general panacea for evils in industry. I merely bear witness to the fact that the twelve-hour day, as I observed it, tended either to destroy, or to make unreasonably difficult, that normal recreation and participation in the doings of the family group, the church, or the community, which we ordinarily suppose is reasonable and part of the American inheritance."

Application of the three-shift system to the iron and steel industry. Studies and reports, series D, no. 3. (Geneva: Intern. Labour Office. 1922. Pp. 156. 50c.)

Apprenticeship in the metal trades. (Chicago: National Metal Trades Assoc. 1922. Pp. 42.)

Apprenticeship in New South Wales. (Sydney: Board of Trade. 1922. Pp. xiii, 160.)

The attack upon trade unionism. (London: Labour Party. 1923. 6d.)

Bibliography of industrial and labour questions in Soviet Russia. (Geneva: Intern. Labour Office. 1922. Pp. 174. 60c.)

Bibliography consists of two parts: (1) books and pamphlets published in Russia and elsewhere and (2) periodicals of primary importance for the study of labor and social questions in Soviet Russia. As there are 690 central and provincial organs of the Communist party, it was necessary to select only the most important publications, such as those published by the central government, the trade union organizations, etc.

Compendium of living wage declarations and reports for New South Wales. (Sydney: Board of Trade. 1922. Pp. viii, 139.)

Factory and workshop orders. Complete edition. (London: H. M.'s Stationery Office. 1922. 4s.)

The handbook of the Building Trades Employers' Association of the City of New York, 1922. (New York: Bldg. Trades Employers, Assoc. 1922. Pp. 184.)

Industrial fatigue. (1) *A study of efficiency in linen weaving.* (2) *In the laundry trade.* (3) *Two contributions to the study of accident causation.* Reports of Industrial Fatigue Research Board. (London: H. M.'s Stationery Office. 1922. 1s. 6d.; 2s. 6d., 1s. 6d.)

Industrial negotiations and agreements. (London: Labour Party. 1923. Pp. 76.)

International Labour Conference, third session, 1921. Vols. I and II. (Geneva: Intern. Labour Office. 1921. Pp. 1306.)

Jahrbuch der Berufsverbände im Deutschen Reiche. Reichsamt für Arbeitsvermittlung. Jahrgang 1922. (Berlin: Hobbng. 1922. Pp. xl, 127. 160 M.)

Labor laws of the state of California, 1921. Prepared by the California State Library for the Bureau of Labor Statistics. (Sacramento, Calif.: Bureau of Labor. 1922. Pp. 292.)

Methods of compiling statistics of unemployment. Replies of the governments. Studies and reports, series C, no. 7. (Geneva: Intern. Labour Office. 1922. Pp. 101. 40c.)

The open shop "conspiracy." No. 52. (New York: Nat. Assoc. of Manfrs., 50 Church St. 1922. Pp. 39.)

Rapport relatif au fonctionnement de l'Office Départemental du Placement et de la Statistique du Travail et à l'organisation des secours de chômage dans le Département de la Seine pendant les années 1920 et 1921. (Paris: Conseil Général de la Seine. 1922. Pp. 574.)

Remedies for unemployment. (Geneva: Intern. Labour Office. 1922. Pp. 135. 60c.)

Report of proceedings at the Fifty-fourth Annual Trades Union Congress at Southport, September, 1922. (London: King. 1922. 3s.)

The third winter of unemployment. The report of an enquiry undertaken in the autumn of 1922. (London: King. 1923. Pp. viii, 350. 6s.)

Unemployment and the business cycle. Prepared for the President's Conference of Unemployment. (New York: National Bureau of Econ. Research, Inc. 1922.)

Money, Prices, Credit, and Banking

NEW BOOKS

ADAM, J. H. *L'argent-métal et la question monétaire indo-chinoise.* (Paris: Edition de *La Vie Universitaire.* 1922. Pp. 264.)

ALEXANDER, J. S. *National Bank of Commerce in New York—address.* (New York: National Bank of Commerce. 1923. Pp. 15.)

BERGENGREN, R. F. *Coöperative banking: a credit union book.* (New York: Macmillan. 1923. \$2.50.)

BREWSTER, J. D. *Legal aspects of credit.* (New York: Ronald Press Co. 1923. Pp. 549.)

COOK, A. B. *Financing exports and imports.* (New York: Ronald Press Co. 1923. Pp. viii, 218. \$2.50.)

The author is connected with Asia Banking Corporation. Discusses sources of foreign exchange bills; demand for exchange; causes of rise and fall of rates; how payments are made for imports; the letter of credit; how the exporter obtains his money; dollar credits; and methods of eliminating exchange risks. "This volume considers both the mercantile and the banking phases of foreign trade and seeks to be of service to banker and merchant alike."

CROSS, I. B. *Domestic and foreign exchange. Theory and practice.* (New York: Macmillan. 1923. Pp. xv, 572.)

DIESEN, E. *Exchange tables of the world.* *Ökonometrist Literatur.* (Christiania: Klengenberggateng. 1922.)

Contains rates from January 1, 1914, to December 31, 1920. Text mainly in English.

DUNBAR, C. F. *The theory and history of banking.* With chapters on foreign exchange and central banks, by O. M. W. SPRAGUE. Supplementary chapter presenting the record of the federal reserve system, by H. P. WILLIS. Fourth edition. (New York: Putnam. 1922. Pp. vi, 321. \$1.85.)

EDWARDS, G. W. *Foreign commercial credits: a study in the financing of foreign trade.* (New York: McGraw-Hill. 1922. Pp. xiii, 242. \$2.50.)

To set forth the business and legal principles underlying the letter of credit is the object of the author. The various aspects of commercial credits are presented with special reference to the tendency toward the standardization of documents and practice in foreign trade. Consideration is given first to the various commercial documents which determine the relations of all the parties involved in a foreign trade transaction. This is probably the most important part of the book, because of the innumerable controversies in recent years among bankers and merchants, due largely to misunderstandings as to the meaning and classification of commercial credits. A chapter is devoted to the traveler's letter of credit, which is often confused with the commercial letter. The legal theory of the letter of credit, and the cases which have arisen in

American courts are analyzed. British, German, Japanese and Continental methods are also presented for the purpose of comparing them with American practices. The appendices comprise some well-selected material illustrating the text. The book is based upon first-hand information obtained by the author some years ago when he was engaged by the Federal Reserve Board to make a special study and analysis along these lines.

M. J. SHUGRUE.

FOSTER, W. T. and CATCHINGS, W. *Money*. (Newton, Mass.: Pollak Foundation. 1923. \$4.)

GAERTNER, F. *Vom Gelde und der Geldentwertung*. Second edition. (Munich: Drei Masken Verlag. 1922. Pp. 168.)

HAWTREY, R. G. *Monetary reconstruction*. (New York: Longmans Green. 1923. Pp. vii, 147. \$3.)

JOHNSON, T. B. *Unemployment and the gold standard*. (Weston-super-Mare: Lawrence. 1922. Pp. 40.)

JÖHR, A. *Die Zukunft der Valuten*. (Zurich: Füssli. 1922. Pp. 68.)

KANE, T. P. *The romance and tragedy of banking*. (New York: Bankers Pub. Co. 1922. Pp. xv, 549. \$5.)

LEVY, S. I. *Encyclopaedia of banking*. (New York: Encyclopaedia of Banking. 1922. Pp. 66.)

LEYRIS, M. E. *L'assurance-crédit*. (Paris: Comité Exécutif de la Monnaie. 1922.)

LOEWY, G. H. *Staatsbankerotte*. (Breslau: T. Schatzky. 1922. Pp. 83. 25 M.)

MYRICK, H. *Rural credits system*. (Chicago: Phelps Pub. Co. 1922. Pp. 240.)

Contains a plan "prepared at the request of the Rural Credits Committee of the Farm bloc of the United States Senate." The plan proposes a federal rural credits board in the Treasury Department; a federal rural credits company which takes over the War Finance Corporation; this company in turn subscribes to the capital of a federal debenture bank in each state at the rate of \$1,000 for each \$1,000,000 of value of farm property, to be supplemented by an equal subscription by each state. In brief the plan expands the War Finance Corporation rather than extending broadly the functions of the federal reserve banks.

PEAKE, E. G. *An academic study of some money market and other statistics*. (London: King. 1923. Pp. ix, 63. 6s.)

ROBERTS, G. E. *Fall of agricultural prices*. An address before the Academy of Political Science, November 24, 1922. (New York: National City Bank. 1922.)

VON SCHULZE-GAEVERNITZ, G. *Die deutsche Kreditbank*. (Tübingen: Mohr. 1922.)

STEINER, W. H. *The mechanism of commercial credit*. (New York: D. Appleton Co. 1922. Pp. xv, 375. \$3.)

Terms of credit offered customers in different lines of business and the reasons for such terms is the subject of the book, which is, therefore,

addressed to the business man, the credit man, the banker, and the student. In three main parts, of which the first two are of approximately the same length and of which the third comprises about one half of the volume, there are considered factors governing terms, the trade acceptance question, and terms now in use.

Part I shows that it is not mere chance that manufacturers sell men's straw hats on a single season dating, while wholesale grocers usually sell their goods on terms of 1 per cent 10 days, net 30 days. Nor is it mere chance that cash discounts as high as 7 per cent are found in various branches of the textile industry. The underlying forces are clearly susceptible of analysis, and may be readily discovered. They relate both to the length of net terms (including the datings granted) and to the size of the cash discounts quoted. Standard or regular terms which are the result of these forces themselves vary over a series of years in response to changes in general business conditions, and, therefore, attention is given to the manner in which this variation takes place.

Part II presents the causes and conditions leading up to the trade acceptance movement. After a careful and critical evaluation of the cash discount system and the trade acceptance system, conclusions that seem very logical are offered. It is found that the cash discount system is specially adapted to certain conditions, while the trade acceptance system is applicable to others. Accordingly, instead of the trade acceptance being in conflict with present methods of credit, it fits into and becomes an integral part of it. As the author states, the fundamental factor in credit granting is the recipient of credit, and not the form in which the credit is extended or the agency by which it is measured.

Part III describes the actual practice in credit granting for a large number of businesses. Included in the list are industries which handle foodstuffs, metals and their products, automobiles and their parts, agricultural implements, textiles, leather and lumber. A valuable appendix contains a tabular statement of the terms of sale for the principal industries of the country.

Well arranged and based upon a careful collection of digested facts, the book should find a very favorable reception.

MARTIN J. SHUGRUE.

STROVER, C. *Monetary reconstruction*. (Chicago: Author, 133 W. Washington St. 1922. Pp. xiii, 91. \$1.50.)

Author advocates the issue and retirement of paper money in such amounts as will maintain a uniform level of prices. This volume, however, is to be distinguished from most fiat money proposals, in that the author carefully protects his remedy by safeguards and recognizes the difficulties attending any sweeping reform of the monetary system. The object in view is the stabilizing of prices rather than the furnishing of an unlimited fund of credit.

THOMAS, S. E. *The principles and arithmetic of foreign exchange*. (London: Macdonald and Evans. 1921. Pp. 269. 7s. 6d.)

WALRAS, L. *Theorie des Geldes. Die Stabilisierung der Geldwerts als Problem von heute und vor fünfzig Jahren*. (Jena: Fischer. 1922. Pp. 115.)

WARBURG, P. M. *Annual address before the American Acceptance Council*. (New York: Am. Acceptance Council. 1923. Pp. 81.)

- WARD, W. *The reaction of acceptance credits.* (New York: Am. Acceptance Council, 120 Broadway. 1923. Pp. 50. 25c.)
- WEBB, R. *Now, what about our banks? An analysis, some conclusions and a specific.* (Fort Lapwai, Id.: Independent Pub. 1922. Pp. ii, 88.)
- WEBER, A. *Depositbanken und Spekulationsbanken. Ein Vergleich deutschen und englischen Bankwesens.* Third edition. (Munich: Duncker & Humblot. 1922. Pp. xvi, 400. 1260 M.)
- YORK, T. *International exchange: normal and abnormal.* (New York: Ronald. 1923. Pp. 600. \$5.)
- YVES-GUYOT. *Les problèmes de la déflation.* (Paris: Lib. Félix Alcan. 1923. Pp. 206.)
- . *Les problèmes de l'inflation.* (Paris: Lib. Félix Alcan. 1923.)
- ZUCCI, E. *Le banche di deposito.* (Rome: Editori Zile. 1923.)
- Annual report of the president to the shareholders of the Chemical National Bank of New York, January 9, 1923.* (New York: Chemical National Bank. 1923. Pp. 13.)
- Changes in the cost of living, July, 1914—November, 1922.* Research report no. 57. (New York: National Industrial Conference Board. 1922. Pp. 37. 75c.)
- Cost of living survey: report of the California State Civil Service Commission.* (Sacramento, Calif.: State Civil Service Comm. 1923. Pp. 84.)
- "The project presented to the Committee was the preparation of five budgets that would indicate what in its judgment constituted satisfactory standards of living for workers in the employment of this state." Budgets were made for laborers, clerks, and executives, and additional budgets for unmarried clerks, male and female. Prices were collected for October, 1920, and November, 1921. Consideration is given to the "census family" concepts. 49 per cent of all employees were married men; 62.5 per cent of all married men have dependents other than wives; 29.2 per cent of the married men have no children. The general conclusion is that for considerably more than 50 per cent of the employees, there are either no dependents or a partial dependent, or there is not more than one child in the family. "It is probable therefore that the budgets for man, wife, and one child would represent a health and comfort standard for more than half of the employees." The statistical tables are carefully worked out.
- The credit man's diary and manual of commercial laws—1923.* (New York: National Assoc. of Credit Men. 1922. Pp. 480.)
- Foreign exchange charts.* No. 2. (Boston: Merchants National Bank. 1923.)
- List of references on building and loan associations, October 18, 1922 (Supplementary to mimeographed list, September 2, 1919).* Published by the Division of Bibliography, Library of Congress. (Washington: Lib. of Congress. 1922. Pp. 20.)
- The money problem.* Proceedings of the Academy of Political Science, vol. X, no. 2, January, 1923. (New York, Academy, Columbia Univ. 1923. Pp. vii, 176. \$1.50.)

Proceedings of the Forty-third Annual Meeting of the Building Association League of Illinois. (Chicago: Am. Bldg. Assoc. News Pub. Co. 1922. Pp. 127.)

Public Finance, Taxation, and Tariff

BANERJEA, P. *Fiscal policy in India.* (London and New York: Macmillan. 1922. Pp. 256.)

BODIN, P. *Les projets de réforme fiscale, impôts sur le revenu, taux sur le chiffre d'affaires.* (Paris: Dunod. 1923. 5 fr.)

BOSC, A. *Le budget des Etats-Unis.* (Paris: Giard. 1923.)

BURNS, E. *Modern finance.* Second edition, revised. (London and New York: Oxford Univ. Press. 1922. 2s. 6d.)

CALANDRA, A. *La ripercussione dell' imposta sul reddito.* (Turin: Fratelli Bocca. 1923. Pp. 1923. Pp. 140.)

An account of the economic effect of an income tax. The author presents his subject in minute detail, illustrated by graphs. He traces the effects of this tax on production, on savings and consumption, on the rate of interest, on prices, on the emigration of capital.

R. R. W.

DALTON, H. *Principles of public finance.* (London: Routledge. 1922. Pp. xii, 208. 5s.)

FANNO, M. *Scienza delle finanze e diritto finanziario.* (Padua: La Litotipa. 1922. 33 l.)

GOLDING, C. E. *Workmen's compensation insurance; with a summary of the statutory law relating thereto.* (New York: Putnam. 1922. Pp. vii, 104. \$1.75.)

GREENOUGH, W. S. *The war purse of Indiana; the five liberty loans and war savings and thrift campaigns in Indiana during the World War.* (Indianapolis, Ind.: Historical Commission. 1922. Pp. 278.)

KOPPE, F. *Das Gesetz über die Zwangsanleihe vom 20. VII. 1922.* (Berlin: Industrie-Verlag Spaeth & Linde. 1922. Pp. 41.)

LANDES, G. *Une enquête sur les vingtièmes au temps de Necker.* (Paris: Letouzey. 1923.)

LYBARGER, L. F. *Tariff primer; a graphic presentation of the Fordney-McCumber tariff, what it is, how it works, whom it benefits.* (New York: Tariff Pub. Co. 1922. Pp. 100.)

MONTFORT, B. *A forced distribution of the profits of corporations.* (New York: Committee of American Business Men, 354 Fourth Ave. 1923. Pp. 13.)

NOGARO, B. *Réparations, dettes interalliées, et restauration monétaire.* (Paris: Les Presses Universitaires de France. 1923. Pp. 190. 5 fr.)

REPACI, F. A. *Il livello del protezionismo in Italia.* (Turin: "La Riforma Sociale." 1923. Pp. 81. 4 l.)

The author shows the enormous increase in the protective duties imposed by the law of 1821 over those of 1887. This increase he calculates to average 84 per cent. He points out that protective duties are

now opposed not so much on theoretic grounds, as they were a generation ago, but by the protests of those manufacturers who are injured by them. The second part of his pamphlet is made up of such protests by those conducting many and diverse industries.

R. R. W.

SEARS, J. H. *Minimizing taxes. Part I: Selection of business methods, places of incorporation, personal domicile, investments, etc. Part II: Synopses of the tax systems of each of the states and of the United States.* (Kansas City, Mo.: Vernon Law Book Co. 1922. Pp. 706.)

SWIFT, F. H. *The West: California and Colorado, studies in public school finance.* Research pub. of the University of Minnesota, Education series no. 1. (Minneapolis, Minn.: Univ. of Minn. 1922. Pp. xiv, 221. \$3.)

Author states that "in the last analysis a large proportion of the educational difficulties existing in the majority of our states today are financial and are due fundamentally to antiquated systems of school finance." This is the first of a series of four volumes, of which volume II will deal with school finance in the East; volume III, in the Middle West; and volume IV, in the South.

VAKIL, C. N. *Our fiscal policy.* (Bombay: Bombay Univ. 1922. Pp. 41.)

VON KOCH, F. M. *On the theories of free trade and protection.* (London: King. 1922. Pp. 34. 1s.)

WAKEFIELD, E. E., JR. *Massachusetts tax procedure.* (Boston: G. A. Jackson, Law Book Seller, 20 Pemberton Sq. 1923. Pp. 168. \$3.)

"Intended to present a currently accurate and easily accessible guide in dealing with ordinary matters in connection with Massachusetts income tax, corporation taxes, local taxes, and various other taxes imposed by the Commonwealth." Exact references are given to statutes, court decisions, and official rulings. Calculations are made for typical cases. The author is a lawyer and connected with a firm of certified public accountants.

WILLOUGHBY, W. F. *The reorganization of the administrative branch of the national government.* Institute for Government Research studies in administration. (Baltimore, Md.: Johns Hopkins Press. 1923. Pp. xv, 198. \$3.10.)

About 25 pages are devoted to proposed changes in the organization of the Treasury Department. Recommends transfer of Public Health Service, Office of Supervising Architect, Revenue Cutter Branch, Life Saving Branch, Bureau of Engraving and Printing, Customs Statistical Bureau at New York, Bureau of the Budget to other departments. The building up of the Department of Commerce is advised by adding to it bureaus now located in other governmental branches.

Agreements concerning deliveries in kind to be made by Germany under the heading of reparations. Published by the Reparations Commission. (London: H. M.'s Stationery Office. 1923.)

The allied debts. 1, *The Balfour note of August 1, 1922, and the French reply of September 3, 1922.* 2, *The American bankers' responsibility today,* by T. W. LAMONT. 3, *Reparations and international debts, by the*

RT. HON. REGINALD MCKENNA. 4, *The repayment of European debts to our government*, by H. HOOVER, Sec. of Commerce. 5, *The allied debts; a constructive criticism of Sec. Hoover's views*, by E. R. A. SELIGMAN. 6, *The interallied debts as a banking problem*, by B. M. ANDERSON, JR. (New York: Am. Assoc. for Intern. Conciliation, 407 West 117th St. 1922. Pp. 109.)

Budget expenditure on national defence, 1913 and 1920 to 1922. (Geneva: League of Nations. 1922. Pp. 50.)

Budget of the fifth fiscal period, 1923, of the League of Nations. Official Journal, Jan., 1923. (Geneva: League of Nations. 1923. Pp. 78. 3s. 6d.)

Customs tariff act of September 21, 1922, with alphabetical schedule and administrative provisions; Cuban reciprocity treaty; list of parcel post countries. (New York: R. F. Downing & Co. 1922. Pp. xxxvii, 519.)

Dati statistici sul rendimento delle imposte dirette. Ministero delle Finanze, Direzione Generale delle Imposte Rette. (Rome: Tip. Coop. Soc. 1922.)

The executive budget of Ohio, 1923-1925, together with the Budget Superintendent's report of revenues and expenditures. (Columbus, Ohio: State Supt. of Budget. 1923. Pp. 162.)

Federal income tax index. Vol. I, *December 31, 1921.* Compiled by staff of accountants, lawyers and income tax specialists. Also, *Supplement to vol. I.* (Newark, N. J.: Income Tax Index Service, 9 Clinton St. 1922. Pp. xiii, 601; 304. \$25.)

The law of inheritance or descent, and distribution of estates under the interstate law of Pennsylvania; a classification of the provisions of the law with a brief statement concerning wills, etc., by W. R. ERRETT. (Pittsburgh, Pa.: Peoples Savings and Trust Co. 1922. Pp. 35.)

New York state franchise tax on business corporations; chapter 726, laws of New York, 1917, as amended in 1922. (New York: Guaranty Trust Co. 1922. Pp. 44.)

Les nouvelles lois fiscales allemandes. Publication du Haut-Commissariat Français en Rhénanie. (Paris: Berger-Levrault, 5, Rue des Beaux-Arts. 1923.)

Official documents relative to amount of payments to be effected by Germany under reparations account. Vol. I, *May 1, 1921, to July 1, 1922.* (London: H. M.'s Stationery Office. 1923. 3s. 6d.)

Practical questions and answers on the federal tax laws, affecting individuals, partnerships, and corporations. (New York: Irving Bank, Woolworth Bldg. 1923. Pp. 143.)

Proceedings of the conference on mine taxation, held in conjunction with the twenty-fifth annual convention of the American Mining Congress, Cleveland, Ohio, October 9-14, 1922. (Washington: Am. Mining Cong. 1922. Pp. 174.)

Protection and the miracle of American production. (New York: Fair Tariff League, 2 Rector St. 1923. Pp. 84.)

A discussion of the purposes, methods, and results of the Fordney tariff. Severely critical.

Reparation. Part III: Financial aspects. A League of Nations, vol. V, no. 3. (Boston: World Peace Foundation, 40 Mt. Vernon St. 1922. Pp. 209. 5c.)

Report of committee on income tax in colonies not possessing responsible government. (London: H. M.'s Stationery Office. 1923. 9d.)

Taxation and national income. Research report no. 55. (New York: National Industrial Conference Board. 1922. Pp. 86. \$1.50.)

Population and Migration

NEW BOOKS

BALTZ-BALZBERG, H. *Leitfaden zum Studium und praktischen Gebrauche der Wiederbesiedlungsgesetze und der einschlägigen Vollzugs- und Durchführungsverordnungen.* (Vienna: Moritz Perles. 1922. Pp. viii, 135. 80 M.)

BEARD, A. E. *Our foreign-born citizens, what they have done for America.* (New York: Crowell. 1922. Pp. viii, 288.)

COLLETTI, F. *Studi sulla popolazione italiana in pace e in guerra.* (Bari: Laterza. 1923.)

COX, H. *The problem of population.* (New York: Putnam. 1923. Pp. ix, 244. \$2.50.)

DAVIS, J. *The Russian immigrant.* (New York: Macmillan. 1922. Pp. xv, 219. \$1.50.)

KARLSBERG, B. *Geschichte und Bedeutung der deutschen Durchwandererkontrolle.* (Hamburg: Gebr. Enoch. 1922. Pp. 167. 75 M.)

MAX, DR. *Der soziale Wirtschaftsprozess der Menschheit. Grundriss der ethnologischen Volkswirtschaftslehre, 2 Bd.* (Stuttgart: Enke. 1921. Pp. viii, 226.)

NICEFORO, A. *Schemi delle lezioni di demografia.* (Naples: Gennaro Majò. 1922. Pp. 223. 23 l.)

PATTERSON, C. P. *The negro in Tennessee, 1790-1865.* University of Texas, bull. no. 2205. (Austin, Tex.: Univ. of Texas. 1922. Pp. 213.)

STOUMAN, K. *Le repeuplement de la France. Etude de démographie contemporaine.* (Geneva: Revue Internationale d'Hygiène Publique. 1921. Pp. 28.)

Annuaire international de statistique publié par l'Office permanent de population (Afrique, Asie, Océanie). (La Haye: W. P. van Sockum & Fils. 1921. Pp. xvii, 187.)

Emigration and immigration: legislation and treatise. (Geneva: Intern. Labour Office. 1922. Pp. 439. \$1.25.)

Die Geburten, Eheschliessungen und Sterbefälle im Freistaat Preussen während des Jahres 1919. (Berlin: Verlag des Preussischen Statistischen Landesamts. 1922. Pp. 151. 4.40 M.)

The negro in Chicago; a study of race relations and a race riot. By the Chicago Commission of Race Relations. (Chicago: Univ. of Chicago Press. 1922. Pp. xxiv, 672. \$6.)

Report of the Chicago race riot of July, 1919, together with investigations of living conditions among the negroes in the North, and what the Commission considers are the main factors in the adjustment of racial difficulties.

Social Problems and Reforms

Social Work in the Light of History. By STUART ALFRED QUEEN. (Philadelphia: J. B. Lippincott Company. 1922. Pp. 327.)

This book is the first number in a new Sociological Series, the editor of which says, "It places the subject of social service in the perspective of historical development, sets forth the practical lessons of experience which the long past has enforced, and reveals the tendencies which must be understood by those who wish to participate in the next steps of progress in this department of human endeavor." The author continues with the statement that historical review is the most valuable method of arriving at the meaning of social work, charity and philanthropy. The book reverses the usual order of procedure, in that it begins with a discussion of the philanthropy of today and works farther and farther back into the past. This method no doubt has advantages although it increases the difficulty of using the book for classroom purposes.

The social worker knows so little of the present tendency in social work that the wisdom of presenting a review of those tendencies in the short compass of fifty-three pages and of devoting the remainder of more than three hundred pages to historical backgrounds is somewhat dubious. However, some of the material in part II deals with current conditions.

The author begins by defining social work as "the art of adjusting personal relationships," but happily outgrows this limited definition in succeeding chapters where he presents an excellent picture of the wider ramification of modern social work. He explains the tardy development of the professional aspects of social work and shows how it is related to other professions. He presents excellent material in the chapters dealing with the correlation of social agencies and preventive and constructive work. He explains the reasons for the failure of the old-fashioned charity and shows how modern science and the democratic movement are reshaping the ideals of present-day social work.

Part II deals with nineteenth century humanitarianism and contains a rather clever characterization of the philanthropic motives of the "social climber" and the "sob sister." Among additional movements described are industrial welfare work, housing reform, settlement activities, child welfare work, and the charity organization movement.

Part III deals with the English poor law and represents the most

valuable contribution made by the author in this book. There is danger of overemphasizing the influence of the poor law on American philanthropy and of overlooking other phases of English thought. However, the account given here is long enough for the average reader, is not involved with useless and petty details and does not make extravagant claims. Why the writer should spend so much time on medieval conditions is not clearly apparent. More than one third of the entire book is devoted to phases of this subject. As a consequence, the book appears rather poorly balanced and is not so effective as it might have been made, although, of course, the material is good and has historical value. Most readers, however, will give scant attention to these chapters. The characterization of the philanthropy of the medieval church might have been paralleled with an account in the earlier chapters of the ecclesiastical philanthropy of today, especially in view of the fact that such philanthropy represents the investment of millions of dollars in hospitals, children's homes, old people's homes, and in various expressions of institutional church work.

Part V is entitled "Mutual aid in medieval communities." Our direct inheritance from these sources, of thought and method, is so slight that the average reader will not give much time and thought to these social relationships.

The final chapter brings us back to the philanthropy of today and gives to the book added strength. In conclusion, it may fairly be said that the book contains many excellent chapters if studied independently, but the various parts are not dovetailed into each other, so that the thread of thought is occasionally lost.

GEORGE B. MANGOLD.

Missouri School of Social Economy.

Education for Business. By LEVERETT S. LYON. (Chicago: University of Chicago Press. 1922. Pp. xiv, 618. \$3.50.)

In this volume is presented an "overview" of business education in the United States, the purpose being not to commend or even discuss the curriculum for any particular type of school but to afford educators and students of normal training schools a point of departure for consideration of the curriculum problem in terms of the purposes of business education and of the different forms of institutions which have been developed. The author's experience in both the secondary and collegiate fields of business education has enabled him to present a book which is comprehensive and well balanced, the emphasis being upon the public secondary business school, as it should be, for it is in these that there is the greatest quantity of attempted education for business, the greatest variety of forms, and the greatest uncertainty with respect to purpose.

It is the author's thesis that any particular problem of curriculum-making must be approached along four lines of inquiry: first, the function of education in a democracy and of business education in particular; second, the nature of business and of its demands on individuals concerned; third, the forms of training for business which have already been developed, including underlying principles which may have been formulated; fourth, the necessity of specialization, "for no one type of institution does the job alone." Accordingly, following two chapters which state the case, there are seven chapters on the functions of education in a democracy and the nature and demands of business; then eleven chapters on modern agencies of education for business—the business college, the private collegiate school of commerce, the correspondence school, the corporation school, the collegiate school of business, the high school commercial course, the high school of commerce, evening commerce schools, the continuation school, co-operative business courses, post-graduate commercial courses; and finally a chapter of proposals and conclusions concerning high school commercial-curriculum reform.

The author keeps himself in the background, and does not advocate any particular theory or scheme of education for business. The book is evidently planned to provide each curriculum builder with the essential information concerning the purpose of education in a democracy and of business education in particular as presented by leading authorities, and an historical and descriptive exposition of what has been accomplished in education for business. But the inference clearly is that the author has the Dewey view of the function of education in a democracy, and with respect to high-school commercial-curriculum reform, depreciates "the so-called vocational studies (which are) disclosed to be *not vocational courses* and *not anything else*," and considers as constructive the recommendations of the Joint Committee on the Presentation of the Social Studies of the Association of Collegiate Schools of Business, and of the Sub-committee of the National Council of Education.

H. S. PERSON.

Taylor Society, New York.

NEW BOOKS

BEMAN, L. T., compiler. *The Towner-Sterling bill*. The reference shelf, vol. I, no. 5. (New York: H. W. Wilson Co. 1922. Pp. 102. 75c.)

BINDER, R. M. *Business and the professions*. (New York: Prentice-Hall. 1922. Pp. x, 425.)

Suggestive in its discussion of development of wants of society and the impulse which the fulfilment of these wants has given to the growth of the different professions. Successive chapters deal with the different professions and more particularly with the influence which science has exercised in this development.

BROWN, P. M. *International society: its nature and interests.* (New York: Macmillan. 1923. \$1.50.)

CLAGHORN, K. H. *The immigrant's day in court.* Americanization studies, A. T. BURNS, director. (New York: Harper. 1923. Pp. xvi, 546. \$2.50.)

CLAPARÈDE, E. *Problems and methods of vocational guidance.* Studies and reports, series J, no. 1. (Geneva: Intern. Labour Office. 1922. Pp. 76. 40c.)

COMISH, N. H. *The standard of living.* (New York: Macmillan. 1923. \$2.)

CREED, W. E. *Safeguarding the future of private business.* (Boston: Houghton Mifflin. 1923. 75c.)

DINGLEY, F. N. *Unto the hills; some of America's problems.* (Boston: Stratford Co. 1922. Pp. 201. \$2.50.)

HADLEY, A. T. *Economic problems of democracy.* (New York: Macmillan. 1923. Pp. vi, 162. \$1.50.)

FISHER, B. *Mental causes of accidents.* (Boston: Houghton Mifflin Co. 1922. Pp. xii, 315. \$2.50.)

An Australian psychologist, Dr. Mayo, has been calling our attention to the important part played by reverie in human behavior, especially in industrial occupations which are largely of routine nature. That reverie leads to accident, minor or major, most of us can testify out of our own experiences. That there are many such causes of accident which are overlooked by industry, Fisher points out in his very human volume, under such captions as The puzzled mind, The stubborn mind, The diverted mind, The tired mind, and the like. In addition to citing concrete experiences, the author has gathered together a great deal of useful material indicating the significance of education in the English language, of intelligence level, sense defects, rhythm, mental set, habit, reverie, standard task, noise, routing, drugs, temperature, ventilation, illumination, emotion, and fatigue. The final chapter, The self-guided approach to psychology, gives a bibliography of some thirty books for the industrial executive, in most respects a very good list. The reviewer would like to add at least Link's *Employment Psychology* and either Myers' *Mind and Work* or Muscio's *Lectures on Industrial Psychology*; for an introductory text he knows nothing better than Woodworth's *Psychology, a Study in Mental Life*.

CHARLES LEONARD STONE.

JONES, R. *The American standard of living and world coöperation.* (Boston: Cornhill Co. 1923. Pp. xviii, 329. \$3.)

KELLOGG, V. L. *Human life as the biologist sees it.* (New York: Holt. 1922. Pp. vii, 140.)

KUHLMAN, C. *Pacifism as the unifying thesis of all social reform; a criticism.* (Boston: R. G. Badger. 1922. Pp. 283.)

LINK, H. C. *Education and industry.* (New York: Macmillan. 1923. \$2.)

MARDEN, O. W. *Prosperity, how to attract it.* (New York: Success magazine Corp. 1922. Pp. vi, 325.)

- MASTEN, V. M. *Criminal types*. (Boston: Badger. 1922. Pp. 240. \$2.)
- MOREHOUSE, F. and GRAHAM, S. F. *American problems: a textbook in social progress*. (Boston: Ginn. 1923. Pp. xxx, 567. \$1.72.)
- MORSE, H. N. *The country church in industrial zones; the effects of industrialism upon the church life of adjacent rural areas as illustrated by two typical counties*. (New York: Doran. 1922. Pp. xviii, 120. \$2.50.)
- NEARING, S. *The next step. A plan for economic world federation*. (Ridgewood, N. J.: Nellie Seeds Nearing. 1922. Pp. 175. \$1.)
- NEWMAN, B. J. *Housing in Philadelphia*. (Philadelphia: Phil. Housing Assoc. 1921. Pp. 52.)
- PENTY, A. J. *Post-industrialism*. (New York: Macmillan. 1922. Pp. 157. \$2.)

The author is the well-known English architect whose plea for the restoration of the craft guilds, published in 1906, contributed an essential element to the rise and development of guild socialism. Fundamentally he is a romanticist rather than a socialist. In the present work he offers a somewhat forced interpretation of the socialist movement of the nineteenth century as starting with the problem of delivering mankind from the curse of machinery, but forgetting its true aim and making a fetish of the nationalization of land and capital. Machinery and the sub-division of labor, according to Mr. Penty, are the great evils threatening civilization. He would allow machines in only a few operations and considers the imminent collapse of capitalism an opportunity for a general return to the handicrafts.

In this volume he professes to carry the attack on "industrialism" into the "realm of economic theory." It contains no evidence, however, of any knowledge of economic theory on the author's part or of ability to think clearly on industrial problems. But when he speaks as an artist and as a critic of industrialism from the point of view of human values, Mr. Penty makes an effective appeal. In any case his extremely individual attitude towards social problems is arresting. Mr. G. K. Chesterton contributes a short but characteristic preface.

G. A. KLEENE.

- PERSONS, W. F. *Central financing of social agencies*. A report to the Columbus Advisory Council. (Columbus, O.: Advisory Council. 1922. Pp. 284.)
- RUDE, A. E. *Physical status of pre-school children, Gary, Indiana*. Children's Bureau pub. no. 111. (Washington: Gov. Prtg. Office. 1922. Pp. 84. 15c.)
- TABER, C. W. *The business of the household*. Second edition, revised. (Philadelphia: Lippincott. 1922. Pp. xii, 438.)

The author of *The Business of the Household* recommends his book to those in search of a text for "upper high school and college students," to teachers of home economics in schools of all grades, to teachers of economics and civics, to homemakers, to housekeepers, and to the men of the house. And, indeed, the work contains much of interest in its four parts which deal with: Fundamental principles of household finance; Factors in the family budget—necessities; Factors in the family budget—higher life; and Legal and business status of the family.

Beyond doubt the work contains much that is useful. There is value in the treatment of home lighting, in the discussion of the merits of home ownership, in the definite attitude toward thrift, in the practical suggestions on the apportionment of expenditures, in the chapter on system in the home, in the emphasis on cultural wants, and in the treatment of the heating problem. These are but samples of the useful passages. Yet the author has had great difficulty in sticking to his text. Under the head of provision for old age, for example, there is a meager discussion of profit-sharing and another of workmen's compensation and pension funds. There is a chapter on taxation containing a section on the single tax. Of course there may be remote connections between these topics and the Business of the Household, but the author does not succeed in making one see the practical bearing of his few random remarks.

The reader can never feel quite sure that the author has gone to the bottom of his subject. For instance (p. 253) there is a picture of a model mop, broom and sink closet. A mop and broom are hanging under a high shelf. If these implements had only been hung on the inside of the door, the shelf room of the closet could have been more than doubled. In telling how to reconcile a bank account (p. 35) Mr. Taber leaves out the obvious but important first step of comparing the returned checks with the banker's list, and then proceeds with a method that is certainly not the easiest—provided the bank and the depositor have kept their accounts correctly.

Indeed, in handling financial matters, Mr. Taber seems to be rather beyond his depth. His system of building up funds by writing unsigned checks and holding them in a file (p. 72-73) is somewhat cumbersome, if simple; there are easier ways of accomplishing the same purpose. In two chapters on investments the matter of exemption of securities from taxation receives but one short, incidental sentence, a sentence which fails to convey the significance of the subject. One could read Taber's discussion of stocks and bonds without sensing the fact that some stocks are better investments than some bonds (p. 347). The proposal that a man in financial straits borrow from the bank on personal credit to pay tradesmen (p. 88) did not appeal to the banker to whom the reviewer submitted it.

Finally, where do "many men assign a certain day each month for the cutting of their hair"? (p. 268).

In the hands of a very well-informed teacher *The Business of the Household* would be an excellent text. It would provoke fruitful discussion. But to give the book to children under the typical high school teacher would be a misfortune.

FRANK H. STREIGHTOFF.

Indiana University.

UPDEGRAFF, H. *Rural school survey of New York state; financial support.* (Philadelphia, Pa.: Author. 1922. Pp. 233.)

VAN GELDER, K. *The ideal community.* (Sydney: Author, 12 Kareela Rd., Cremorne. 1922.)

WATERS, R. G. *High school commercial education.* (New York: Pitman. 1928. Pp. vii, 261. \$1.25.)

Child welfare. Bulletin no. 56. (New York: Russell Sage Foundation Library, 130 East 22nd St. 1922. 10c.)
A bibliography.

The city and county of Philadelphia: a discussion of their legal relations. (Philadelphia: Bureau of Municipal Research of Philadelphia, 805 Franklin Bank Bldg. 1923. Pp. 95.)

The housing question. By a former Housing Commissioner. (London: Allen & Unwin. 1923. 3s. 6d.)

Participation of the federal government in education. Majority report of Special Committee on Education. (Washington: Chamber of Commerce of the United States. 1922. Pp. 110.)

Committee composed of Messrs. F. J. Loesch, J. G. Lonsdale, H. S. Pritchett, H. D. Sharpe, J. J. Storrow. Discusses educational problems with special reference to the Sterling-Towner bill.

Proceedings of Conference on Mothers' Pensions, Providence, R. I., June 28, 1922. Children's Bureau pub. no. 109. (Washington: Gov. Prtg. Office. 1922. Pp. 31. 5c.)

Public welfare in the United States. The Annals, vol. CV, no. 194. (Philadelphia: Am. Academy of Political and Social Science. 1923. Pp. 282. \$1.)

Service to the state by the University of North Carolina Extension Division during the biennium November 1, 1920, to October 31, 1922. Bulletin, vol. II, no. 8. (Chapel Hill, N. C.: Univ. of North Carolina, Extension Div. 1922.)

Settlements and their outlook. An account of the First International Conference of Settlements at Toynbee Hall, London, July, 1922. (London: King. 1923. 2s. 6d.)

Insurance and Pensions

NEW BOOKS

ALEXANDER, W. *The art of insurance salesmanship; how the life insurance agent should practice this art.* (Chicago: Spectator Co. 1922. Pp. 154.)

ANDREWS, J. B., and others. *The accident compensation law of Pennsylvania and its administration. A survey.* Reprinted from part I. Submitted to the Citizens' Committee on the Finances of the State of Pennsylvania. (Philadelphia: Clyde L. King, Chairman of Citizens' Committee. 1922. Pp. 135-160.)

COHEN, J. L. *Insurance by industry examined. An enquiry into the recent working of the British scheme of unemployment insurance, and an examination of the proposals which have been suggested to take its place.* (London: King. 1923. Pp. 188. 3s. 6d.)

DE CORBIER, P. *Guide pratique de l'épargne et des assurances.* (Paris: Garnier Frères. 1923.)

DEGAS, M. *Le problème de l'assurance maladie-invalidité.* (Paris: Lib. Paul Depont, 4, Rue du Bouloi. 1923.)

- FACKLER and FACKLER. *Illinois standard tables; net premiums, terminal reserves, mean reserves, and cost of insurance.* (Chicago: Spectator Co. 1922. Pp. 5.)
- GRAY, A. *Some aspects of national health insurance.* (London: King. 1923. 2s.)
- HOFFMAN, F. L. *Life insurance progress, methods and results.* (Chicago: Spectator Co. 1922. Pp. 60.)
- HURD, H. B. *Marine insurance. Fundamental principles of the relationships between assurer, insurance broker and insurer, and the effect of the Hague Rules, 1921, on policies on goods. Lectures.* (London: Effingham Wilson. 1922. Pp. 104. 3s. 6d.)
- KETCHAM, E. A., and KETCHAM-KIRK, M. *Essentials of the fire insurance business; a textbook for men and women engaged in the fire insurance business.* Revised edition. (Springfield, S. D.: Authors. 1922. Pp. xii, 386.)
- PARKER, A. J., JR., editor. *Insurance law of New York, being chapter 28 of the Consolidated Laws, and chapter 33 of 1909, including all amendments of 1922, with notes and annotations.* (New York: Banks Law Pub. Co. 1922. Pp. 508.)
- UNDERWOOD, R. E. *The elements of actuarial science.* (New York: Pitman. 1922. Pp. viii, 138. \$1.75.)
- The Carnegie Foundation for the Advancement of Teaching, seventeenth annual report of the president and treasurer.* (New York: Foundation, 522 Fifth Ave. 1922. Pp. 211.)
- Part VI deals with pension systems and pension legislation with special reference to teachers' pensions and municipal pensions.
- Fire insurance in New England for ten years, 1912-1921 inclusive.* Compiled from statements filed with the various New England insurance departments. Twenty-third edition. (Boston: Standard Pub. Co. 1922. Pp. 333.)
- Fire insurance laws, taxes and fees; containing a digest of the statutory requirements in the United States and Canada relating to fire insurance companies and agents, with many quotations from the statutes; also a compilation of county and municipal taxes and fees.* Twenty-second annual edition, revised to September 1, 1922. (Chicago: Spectator Co.. 1922. Pp. 596.)
- Jahrbuch der Krankenversicherung 1921.* (Dresden: Ortskrankenkasse. 1922. Pp. 164.)
- Proceedings of the Sixteenth Annual Meeting of the Association of Life Insurance Presidents, held in Hotel Astor, New York, December 7 and 8, 1922.* (New York: Assoc. of Life Ins. Presidents, 165 Broadway. 1923. Pp. 181.)
- Rate booklet; with handy notes on automobile insurance.* (New York: General Exchange Corp., Broadway and 57th St. 1922. Pp. 103.)
- Reports of fire insurance companies, for year ending December 31, 1921.* Seventeenth annual edition, compiled from official reports. (Chicago: Spectator Co. 1922. Pp. 396.)

Report on the insurance statistics (accident, life, and fire) of New Zealand, 1921. (Wellington, N. Z.: Census and Statistics Office. 1922. Pp. 21. 1s. 6d.)

Unemployment insurance decisions given by the Empire respecting claims to benefit. Vol. I. *Selected decisions from nos. 1 to 2,000 (given up to 27th March, 1922) with index.* (London: H. M.'s Stationery Office. 1922. 3s.)

Unemployment insurance by industry. (London: Labour Party. 1922. Pp. 32.)

Socialism and Co-operative Enterprises

Guild Socialism, an Historical and Critical Analysis. By NILES CARPENTER. (New York: D. Appleton and Company. 1922. Pp. xv, 350. \$2.50.)

It has been left for an American scholar to present the first careful analysis of English guild socialism. Mr. Carpenter knows the literature of the movement better than other writers have given evidence of doing and with great care he has built up a searching analysis. He is able to criticize economic theory in the light of economic history and for that reason his comments have a value in the discussion more nearly unique than should be the case. An English reviewer who concedes the excellence of Mr. Carpenter's work replies to his charge that the economics of guild socialism is still weak, with the retort that guild socialism is not primarily an economic theory and not bound to prove that everybody will be better off economically under it. But guild socialism is undeniably a plan for economic reform and in order to deserve serious consideration a plea for the reorganization of industrial society must be based on sound and clear economics.

Mr. Carpenter traces a lineage of nearly a century for the movement which has been known as guild socialism for only about ten years. The background of English economics and politics since the Industrial Revolution, which he has so ably and accurately sketched, has doubtful relevance in the opinion of the present reviewer. The actual birth of the movement and the development and diffusion of the guild idea are described with careful detail and pleasing color. The reader is made to understand the real personal contributions of Penty, Hobson, Orage, Cole, and others.

The moral, psychological, esthetic, political, and economic tenets of the faith are examined and a number of sharp contradictions are pointed out, chiefly those which have to do with the nature and extent of the authority of the state in a commune of national guilds, and with the bases for the analyses made by the Marxian and Orage-Douglas groups of guildsmen.

Carpenter's expositions differ in kind from those of most of the guild writers and will be welcomed by the new students of guild doctrines. For instance, instead of presenting the great credit scheme in a vacuum of abstractions, he demonstrates how the prices of goods are always greater than the purchasing power available to buy them by beginning with the birth of a calf on a western forest reserve and tracing the train of buying and selling processes through the manufacture of a pair of shoes in a Lynn factory. His own knowledge of economic history and theory is a constant guide in the dim places of guild doctrine.

The critical chapter is comprehensive and acute. The indifference of the guildsmen to purely economic considerations, their misreading of economic history, and their uninformed and uncritical attitude toward the actual nature of distributive processes are among the most serious counts made against them—serious enough in the author's opinion to imperil their program when actually projected. In practice, however, they belie their theories, as in the case of the building guilds which do borrow money at interest. This paves the way to his contention that the Marxian economics professed by so many guildsmen is "irrelevant to the distinctive features of the guild idea, and is an almost fatal blight upon it." The Douglas-Orage credit scheme is attacked on different counts but also found to be at fault in failing to "square with the facts"; the relationship it posits between prices and production does not exist nor are market values fixed in the way it assumes.

Having cleared the ground of fallacies so thoroughly that the reader is ready to believe that the whole of guild socialism has been finally disposed of, Mr. Carpenter proceeds to advance what he conceives to be the central principle of the guild idea, industrial self-government responsible to the community. In this he sees the possibility of real social and industrial advance. As the next step in a practical program he advocates an alliance with the coöperative movement.

It is to be regretted that, somewhat at variance with his own method, the one great practical experiment in guild socialism, the work of the English building guilds, has, except for brief mention, been relegated by the author to an appendix, and that appendix prepared by someone else! Mr. Carpenter has so thoroughly persuaded his readers of the value of his own interpretation of this kind of history that he leaves them keenly disappointed that he has not given the building guilds more than passing comment.

AMY HEWES.

Mount Holyoke College.

Les Fondements du Socialisme: Etude Critique. By ALBERT AFTALION.
(Paris: Marcel Rivière. 1922. Pp. 319. 12 fr.)

It was to be expected of the learned author of *Les Crises Periodiques de Surproduction* that his examination of socialism would be efficient and judicial. And indeed it is to be recommended as the best critical study of the subject which has yet appeared. According to the author the Marxian doctrine of surplus value created by labor alone is left behind as being incompatible with the generally accepted teaching by modern economics of value as dependent on marginal utility. Not only labor, but land and capital have a right to a share in what is produced. But that does not mean that the present owners of land and capital have a right to all of that which accrues to them under the present system. Perhaps the socialistic state might better take over most of this produce now unjustly appropriated by land owners and capitalists. And here the author's analysis of what is caused by "exploitation," and what is due "exclusion" is keen and to the point. The present returns on capital do not so much represent an appropriation by one class of the product of the labor of another class now, as a surplus value due to the inheritance from past generations. The injustice of the present system is based on the fact of this inheritance being in the hands of the few instead of its belonging to the community. It is therefore the "exclusion" of the masses from their heritage rather than the Marxian exploitation of their present labor which is the real basis of the claims of socialism. But even in a socialistic state it would be wise not to attempt to abolish either rent, or interest, or profits. The author's demonstration of the effects of such abolition is very clear. He shows the injustice which would result therefrom, not to the present holders of land and capital, but to all the citizens of a socialistic state. As to the ultimate question of the adoption of socialism, his view of the psychology of the individual and of the crowd leads him to conclude that society would lose too much, owing to the shortsightedness of the masses, who would be apt to consume the accumulated capital inherited from the past, and to their failure to renew and to increase this capital, on the increase of which the continued material progress of the race depends. M. Aftalion's study is intensely interesting, and is conclusive against the introduction of full-blown socialism today. Perhaps from another point of view socialism—would that we could get rid of the name which is so full of narrow and doctrinaire and antagonizing associations—may be regarded as an ideal, and as a system of political economics possible to the man of the future. On the possibilities of this some light may be thrown by the coöperative undertakings in England, and in Russia before the revolution, which show that a sense of the common weal and of mutual ser-

vice may counteract the general weakness of humanity which led the author to distrust the possibility of socialism today.

RALPH R. WHITEHEAD.

NEW BOOKS

COFFEY, D. *Coöperative movement in Jugoslavia, Rumania and North Italy during and after the World War*. Carnegie Endowment for International Peace, Preliminary economic studies of the war, no. 21. (New York: Oxford Univ. Press. 1923. Pp. 99. \$1.)

ENGELS, F. *The revolutionary act; military insurrection of political and economic action*. Translated by HENRY KUHN; with an appendix by DANIEL DE LEON. (New York: N. Y. Labor News Co. 1922. Pp. 47. 15c.)

FUECKNER, E. *Die Russische Genossenschaftsbewegung 1865-1921*. (Leipzig: Teubner. 1922. Pp. 206. 24 fr.)

KARSNER, D. *Debs: his authorized life and letters. Talk with Debs in Terre Haute*. (New York: Rand Book Store. 1923. \$1.50 each.)

LASKI, H. J. *The state in the new social order*. Fabian tract no. 200. (London: Fabian Soc. 1923. Pp. 15. 2d.)

LEUBUSCHER, C. *Sozialismus und Sozialisierung in England*. (Jena: Fischer. 1921. Pp. x, 229.)

LIEFMAN, R. *Geschichte und Kritik des Sozialismus*. (Leipzig: Quelle & Meyer. 1922. Pp. viii, 191.)

MCNEAL, T. A. and SINCLAIR, U. *Debate on socialism*. (Girard, Kans.: Haldeman-Julius Co. 1923. Pp. 94. 10c.)

SELIGMAN, E. R. A. and NEARING, S. *Debate on capitalism versus socialism*. (Girard, Kans.: Haldeman-Julius Co. 1923. Pp. 60. 10c.)

SHERLOCK, C. C. *The modern farm coöperative movement*. (Des Moines, Ia.: The Homestead Co. 1922. Pp. 377.)

THOMPSON, C. D. *Municipal water works*. Bull. no. 17. (New York: Public Ownership League of America. 1923. Pp. 13.)

Coöperation. The people's year book and annual of the English and Scottish wholesale societies. (London: King. 1923. 3s.)

The fifty-fourth annual coöperative congress, 1922, held in Brighton. (Manchester, Eng.: Coöperative Union, Ltd. 1922. Pp. viii, 593.)

Statistics and Its Methods

Labor Turnover in Industry. A Statistical Analysis. By PAUL F. BRISSENDEN and EMIL FRANKEL (New York: The Macmillan Company. 1922. Pp. xiv, 215. \$3.50.)

Messrs. Brissenden and Frankel have rendered a valuable service by bringing together in convenient compass the results of the two thorough-going investigations into the subject of labor turnover which were made by the Bureau of Labor Statistics in 1915 and 1918, and in

which the two authors played leading parts. The book is incomparably the best statistical study of the extent of labor turnover that has yet been made, since the data are drawn from several hundred firms in a variety of industries which employed in all some 500,000 workmen.

The changes in the formula finally adopted in this study are perhaps worthy of comment. In the 1915 investigation, the Bureau of Labor Statistics used replacements as the numerator and the average payroll as the denominator. In the spring of 1918, the so-called "standard" formula of separations over average attendance was adopted at the meeting of the National Association of Employment Managers and was taken over as the method of computation by the Bureau. After the publication of a number of reports based upon this method, the criticisms of this formula, both from within and from without the Bureau, caused a return to replacements as the numerator and this is continued by the present authors with the addition that both the hirings and separations are given, together with the sum of the two, the latter being given the name of "labor flux." In their attempt to find a satisfactory denominator, the authors have been greatly influenced by the official method used in measuring the relative frequency and severity of accidents. In a paper published by the authors in June, 1920, the total number of payroll hours was divided by 10,000 and the turnover was then expressed in terms of so many persons for every 10,000 hours worked. The authors have now improved upon this by translating the number of payroll hours into the number of "full-time yearly workers" by dividing the total number of work hours by 3,000 instead of by 10,000. They have not, however, (probably because of the difficulty of computation) recognized the desirability of including the absentee hours in the denominator, although of course these absentees are also "exposed" to the possibility of turnover.

The wealth of statistical material given adds greatly to our knowledge. Slichter's estimate that prior to the war-time expansion the average rate of turnover was approximately 100 per cent is confirmed, and for the plants studied was .93 per fulltime worker (i. e., 3000 hour worker) in 1913-14. By 1917-1918, this figure had more than doubled, being then 2.01. During the war period, miscellaneous metal product factories with a rate of 3.03, chemical plants with 2.52, together with furniture and mill works are shown to have been the industries with the highest turnover, while the three public utility industries of gas and electricity manufacture, telephone service, and street railways, with rates of 1.38, .93, and .81 respectively, were the lowest. Surprisingly enough, the turnover appears to have been appreciably less for larger than for smaller plants, being, in 1917-1918, 1.71 for those employing over 5000, 2.10 for those employing between 1,000 and 5,000, and 2.64 for those employing less than 1,000. Another commonly accepted

opinion is also punctured by data showing the turnover rate to be appreciably lower for women than for men. Although this is in part accounted for by the fact that women frequently occupy more desirable positions within a plant (such as clerical positions) than do the men, the figures given are in the main sufficiently convincing to compel at least a revision of the belief that women are industrially more unstable than are men. Although their industrial life is much shorter than that of men they may, on the average, be longer in the employ of any one concern.

The turnover among unskilled workers is shown to have been approximately twice that of the skilled in 1913-1914 (1.29 as compared with .60) while in 1917-1918, it was over three times as great (4.47 as compared with 1.35). The turnover is also shown to be higher during the spring than during the other seasons of the year and to be concentrated among a minority of the working force. A study of 53 plants with an average turnover of 1.34 showed that 62 per cent of the workmen had been employed for more than a year and that the total turnover had therefore been concentrated upon only 38 per cent of the working force. The variations according to the stage of the business cycle in the relative proportions which discharges, lay-offs, and voluntary separations form of all separations is also clearly demonstrated. Voluntary separations are high in periods of expansion and low during periods of depression, while lay-offs follow an opposite course.

This excellent book is marred by but one blemish, and that is an erroneous method which is used in several tables in chapter 10. The writers are seeking to show the relative responsibility of different service groups for separations. The method followed is to apply the percentage which these various groups formed of those on the payroll at the end of the year to the total number of labor hours worked during the year and to divide this number by 3,000 to find the total number of "full-time" labor years worked by each length-of-service group during the actual year in question. By dividing the number of separations during the year who belonged to each group, a quotient is obtained which is stated to be the separation rate in each group per full-time worker. This is given as 10.53 for those employed for one week or less, 5.56 for those employed between one and two weeks, 4.04 for those employed between two weeks and one month and so on. Now manifestly there are two errors in these results. In the first place, not all of those in each length-of-service group worked the maximum time possible. Indeed, as the authors later show, the average time worked by those who were employed for less than a week seems to have been slightly less than four days, and for those employed more than one week but for less than two was slightly less than eleven days. Secondly, had the men in each length-of-service group been employed

for even the maximum time, the separation rate for these groups would have been patently higher than those given. For example, the separation rate per year for those employed one week or less should be at the least 52 and not 10.53; for those employed between one and two weeks 26 instead of 5.56; and, for those employed between two weeks and a month, 12 or 13 at the minimum instead of 4.04.

The mathematical fallacy involved was in assuming that the percentage which each length-of-service group formed of the payroll at the end of the year measured the relative hours worked by those in the corresponding groups during the year. Thus the total of 18,091 workmen who had been employed for one week or less were credited with 2.25 per cent of the total labor hours, or 4,695,000. This amounted to 260 hours per workman, whereas there are only 168 in the week as a whole, of which not more than 60 were probably available for work! But it would be a false sense of proportion to emphasize unduly this slight slip which is far outweighed by the solid merits of the book. The authors have produced the most valuable book on labor turnover that has as yet been published and they deserve the thanks of all students of the question.

PAUL H. DOUGLAS.

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NEW BOOKS

BURDGE, H. G. *Our boys*. (Albany: Dept. of Education, Bureau of Vocational Training. 1922. Pp. 345.)

An extended statistical study of the 24,500 employed boys in the State of New York, of the age 16, 17, and 18 years. Data are compiled on nationality, size of families, age leaving school, last grades completed, reasons for leaving school, money earned while at school, weekly wages, number of jobs held, etc. Tables are illustrated by a large number of charts.

JONES, D. C. *A first course in statistics*. (Chicago: Open Court Pub. Co. London: G. Bell & Sons. 1921. Pp. vii, 286. \$3.75.)

KOHS, S. C. *Intelligence measurement. A psychological and statistical study based upon the block-design tests*. (New York: Macmillan. 1922. \$3.)

MINER, J. R. *Tables of $V1-r^2$ and $1-r^2$ for use in partial correlation and in trigonometry*. (Baltimore: Johns Hopkins Univ. Press. 1923. \$1, paper; \$1.50, bound.)

MITCHELL, W. C., KING, W. I., KNAUTH, O. W., and MACAULEY, F. R. *Income of the United States. Its amount and distribution 1909-1919*. Vol. II. *Detailed report*. By the Staff of the National Bureau of Economic Research, Inc. (New York: National Bureau of Economic Research. 1922. Pp. xiv, 424.)

This volume describes the methods and estimates on which the results of volume I, *Summary*, reviewed in the *AMERICAN ECONOMIC REVIEW*,

vol. XII, p. 341 (June, 1922), were based. The estimates of value product of different industries was made by Mr. King; of incomes by individuals, by Mr. Knauth; of distribution of income by income-classes, by Mr. Macaulay. Apart from the immediate value to investigators in the particular field of distribution of income, this volume will be of great value to all who are engaged in statistical investigation of income in showing methods of attack and interpretation. Sources of information are considered and appraised and the derivation of tables is illustrated. Chapter 28 deals with Pareto's law and the general problem of mathematically describing the frequency distribution of income; chapter 30, with American income tax returns.

MORTARA, DE G. *Lezioni di statistica metodologica*. (Castello: Soc. Tip. "Leonardo da Vinci." 1922. Pp. 562. 40 l.)

MURPHY, R. D., PAPPS, P. C. H. and others. *Construction of mortality tables from the records of insured lives*. (New York: Actuarial Soc. of Am. 1922. Pp. 72.)

NICEFORO, A. *Les indices numériques de la civilisation et du progrès*. (Paris. Bibliothèque de Culture Générale. 1921. Pp. 211. 4.50 fr.)

SPEISER, W. *Wirtschaftskennzahlen (Indexziffern)*. (Berlin: Verlag des Vereins Deutscher Ingenieure. 1922.)

WHIPPLE, G. C. *Vital statistics. An introduction to the science of demography*. Second edition. (New York: Wiley. London: Chapman & Hall, Ltd. 1923. Pp. vi, 579. \$4.)

The first edition of this volume was reviewed in volume IX, page 876 (December, 1919). This second edition revises the tables of population so as to include data for the census of 1920. There is also a new chapter on the estimate of future population of cities which includes diagrams showing population growth of the different parts of the United States. Emphasis is placed on the use of semi-log plotting paper for predicting future population. The international list of the causes of death has also been revised.

ZIZEK, F. *Fünf Hauptprobleme der statistischen Methodenlehre*. (Munich: Duncker & Humblot. 1922. 36 M.)

Anuario financiero de sociedades anonimas de España, 1922. (Madrid: D. Daniel, director, Ria y Periquet. Pp. 50.)

Canada year book, 1921. (Ottawa: Dominion Bureau of Statistics. 1922. Pp. xxiii, 909.)

Financial statistics of cities having a population of over 30,000, 1921. U. S. Dept. of Commerce, Bureau of the Census. (Washington: Gov. Prtg. Office. 1922. Pp. 157.)

Financial statistics of states, 1921. U. S. Dept. of Commerce, Bureau of the Census. (Washington: Gov. Prtg. Office. 1922. Pp. 41.)

Methods of compiling statistics of unemployment. Replies of the government. Studies and reports, series C., Unemployment, no. 7. (Geneva: Intern. Labour Office. 1922. Pp. 101.)

Population and vital statistics. Bull. no. 39. *Commonwealth demography, 1921, and previous years*. (Melbourne: Bureau of Census and Statistics. 1922. Pp. 255.)

Prices, purchasing-power of money, wages, trade unions, unemployment, and general industrial conditions, 1921. Labour and Industrial Branch report no. 12. (Melbourne, Australia: Bureau of Census and Statistics. 1922. Pp. 216.)

Statistical abstract, United Kingdom, from 1906 to 1920. No. 67. (London: King. 1923.)

Statistical classification of domestic commodities exported from the United States; and regulations governing statistical returns of exports of domestic commodities, effective January 1, 1923. Schedule B. U. S. Dept. of Commerce, Bureau of Foreign and Domestic Commerce. (Washington: Gov. Prtg. Office. 1922. Pp. 41. 5c.)

Statistical classification of imports into the United States with rates of duty, and regulations governing the preparation of monthly and quarterly statements of imports, approved and effective September 22, 1922. Schedule A. U. S. Dept. of Commerce, Bureau of Foreign and Domestic Commerce. (Washington: Gov. Prtg. Office. 1922. Pp. 111. 10c.)

Statistisches Jahrbuch für das Deutsche Reich. 42. Jahrgang, 1921-1922. (Berlin: Statistisches Reichsamt. 1922. Pp. xxxvi, 281.)

Statistiska Kontor. Statistisk årsbok för Stockholms Stad, 1922. (Stockholm: Stockholms Stads Statistik. 1922. Pp. 200.)

Summary of commonwealth production statistics for the years 1910-11 to 1920-21. Production. (Melbourne, Australia: Bureau of Census and Statistics. 1922. Pp. 176.)

Thirty-fourth annual report on the statistics of railways in the United States. For the year ended December 31, 1920. (Washington: Bureau of Statistics. 1922. Pp. lxxx, 471.)

PERIODICALS

The REVIEW is indebted to Robert F. Foerster for abstracts of articles in Italian periodicals, and to R. S. Saby for abstracts of articles in Danish, Dutch, and Swedish periodicals.

Theory

(Abstracts by Walton H. Hamilton)

- AIYANGAR, S. S. *Control of rents*. Wealth of India, March, 1922. Pp. 6. An argument against an attempt to solve the problem of high rents by legal control.
- ARIAS, G. *Les idées économiques d'Antonio Serra*. Jour. des Econ., Nov., 1922. Pp. 14. "Il inaugure, dans la science économique, la méthode d'observation et de comparaison des faits, qui produira ses meilleurs fruits en Italie au cours du dix-huitième siècle."
- AYRES, C. E. *John Dewey: naturalist*. New Repub., April 4, 1923. Pp. 3. "The only effective escape from the unsatisfactory waywardness of life is to take raw existence as it is and control it—to make it stand and deliver. . . . This, it is clear, is the philosophy of political democracy and economic liberalism."
- BARNES, H. E. *American psychological sociology*. Sociol. Rev., Jan., 1923. Pp. 6. A review of F. H. Giddings' contribution to social theory.
- BOUGLÉ, C. *Deux philosophies? Productivisme et coopératisme*. Rev. des Etudes Coopératives, Oct.-Dec., 1922. Pp. 12. "En bref, cette philosophie utilitaire est d'abord, elle est essentiellement, une philosophie solidariste."
- CLARK, J. M. *Overhead costs in modern industry*. Jour. Pol. Econ., Feb., 1923. Pp. 18. A consideration of the nature of "overhead costs," of their variety, of their relation to "pecuniary calculation," and of the extent to which pecuniary reflects social accountability.
- . *Some social aspects of overhead costs*. Am. Econ. Rev., Supp., March, 1923. Pp. 10.
- COMMONS, J. R. *Wage theories and wage policies*. Am. Econ. Rev., Supp., Mar., 1923. Pp. 8.
- ELIASBERG, W. *Arbeit und Psychologie*. Archiv f. Sozialwis. u. Sozialpolitik, Nov., 1922. Pp. 40. An extended essay with "Der konkrete und der abstrakte Arbeitsbegriff" in Max Webers' *Psychophysik der industriellen Arbeit* as a point of departure.
- GELESNOFF, W. *Die ökonomische Gedankenwelt des Aristoteles*. Archiv f. Sozialwis. u. Sozialpolitik, Nov., 1922. Pp. 33. An attempt to make explicit "the economics" in the *Ethics* and the *Politics* of Aristotle.
- GRAHAM, F. D. *Some aspects of protection further considered*. Quart. Jour. Econ., Feb., 1923. "Comparative advantage is by no means an infallible guide to the maximum return in the long run to the productive effort of a nation. . . . Nor is absolute advantage at any given moment a reliable test. . . . The tendency actually is for competition to restrict the gains obtained in the production and exchange of increasing-cost goods and to enlarge the gains in the production and exchange of decreasing-cost goods."
- HAMILTON, W. H. *Vestigial economics*. New Repub., Apr. 4, 1923. Pp. 3. A consideration of the current position of "the Cambridge School" with Henderson's *Supply and Demand* as the text.
- HELLER, W. *Die Theorie der Volkswirtschaftslehre und der Weltkrieg*. Zeitschr. f. Volkswirtsch. u. Sozialpolitik, 10-12 Heft, Band II, 1923. Pp. 31.

- KLEENE, G. A. *Productive apparatus and the capitalist*. Jour. Pol. Econ., Feb., 1923. Pp. 20. "Abstinence and waiting are not essentials of every conceivable efficient economic society.....Great organized private interests impose them without asking leave and without promising a reward.....Political forces might seek to improve them.....Whichever class is to reduce its consumption in order that producers' goods may be multiplied will do so not of its own will, but under compulsion."
- MCGOUN, A. F. *Higher and lower desires*. Quart. Jour. Econ., Feb., 1923. Pp. 11. An attack upon F. H. Knight's statement, "If the Good is Satisfaction, there are no qualitative differences, no higher and lower as between wants, and that is better which is smaller and more easily appeased."
- MACKINTOSH, W. A. *The psychologist and economics*. Queen's Quart., Jan.-Feb.-Mar., 1923. Pp. 9. A review of Dickinson's *Economic Motives*, Drever's *Psychology of Industry*, and Watt's *Introduction to the Psychological Problems of Industry*.
- MAYER, T. *Wirtschaftsstufen und Wirtschaftsentwicklung*. Zeitschr. f. Volk-wirtschaft. u. Sozialpolitik, 10-12 Heft, Band II, 1923. Pp. 67.
- TOTOMIANTZ. *Les théoriciens de langue allemande de la coopération*. Rev. d'Econ. Pol., Nov.-Dec., 1922. Pp. 11.
- VEBLEN, T. *The captain of industry, I*. Freeman, April 18, 1923. Pp. 5. An account of the development and nature of the position held by "the captain of industry" in the social order.

Economic History (United States)

(Abstracts by Amelia C. Ford)

- BAKER, W. W. *The building of the Walla Walla & Columbia River Railroad*. Wash. Hist. Quart., Jan., 1923. Pp. 11. Narrates with statistics the work of Dr. Dorsey S. Baker in financing and constructing the first railroad in the Northwest east of the Cascade range.
- CHAMBERLAIN, W. A. *Ohio and western expansion*. Ohio Arch. and Hist. Quart., July, 1922.
- ELLIOT, H. O. *Bostadsbyggande i Amerika*. Soc. Med., no. 12, 1922. Pp. 16. The third of a series of articles summarizing the author's observations as to residence building in various parts of the United States, noting especially features of practical interest to home builders in Sweden.
- GILMAN, L. C. *Spokane, Portland & Seattle Railway*. Wash. Hist. Quart., Jan., 1923. Pp. 7. Describes the building of this road, 1905-1908, to enable the Hill lines to compete with the Harriman lines in securing the Oregon traffic; has served as a valuable detour for the lines crossing the Cascade range.
- GILMORE, G. L. *The five oldest family newspapers in Missouri*. Mo. Hist. Rev., Jan., 1923. Pp. 20. Contains facts as to journalism and printing offices in pioneer days.
- HICKS, J. D. *The origin and early history of the farmers' alliance in Minnesota*. Miss. Valley Hist. Rev., Dec., 1922. Pp. 24. Sets forth the grievances of the farmers in the 80's and 90's, and their legislative struggle to secure relief.
- HIGHAM, C. S. S. *The accounts of a Colonial governor's agents in the seventeenth century*. Am. Hist. Rev., Jan., 1923. Pp. 23. "The interest and importance of the documents lie in the light which they throw upon the duties and activities of the early colonial agents, and particularly upon the actual working of the administrative system during the first ten years of the Lords of Trade."
- HOFFMAN, F. L. *Conservation of America's economic independence*. Sci. Mo., April, 1923. Pp. 5. Summarizes the various forms of industrial waste in our country,

emphasizes labor waste due to strikes, large labor turnover, and ill health, and mentions a few improvements corrective of waste.

HRUSKA, J. J. *The Rock Island was the first railroad in Iowa*. Rock Island Mag. Issued by the Chicago, Rock Island & Pacific R. R. in commemoration of its seventieth anniversary.

NEVINS, F. J. *From Grant to Gorman*. Rock Island Mag. Gives items regarding the first railroad across the state of Iowa, the early railroad builders in Iowa, the bridge across the Mississippi, and the legal contest over the bridge in which Abraham Lincoln was one of the lawyers. Issued also as a separate pamphlet.

SCHAFER, J. *The Yankee and the Teuton in Wisconsin*. Chapter II. Wis. Mag. of Hist., March, 1923. Pp. 19. Compares the farming methods of the New England settlers with those of the German pioneers.

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- MCBRIDE, R. S. *Natural gas statistics for 1921*. Gas Age-Record, Jan. 27, 1923. Pp. 4. Statistics of production, consumption, and value of products, including by-products, and indication of important changes in the industry.
- MURPHY, E. J. *Electric railways made good gains in 1922*. Aera, April, 1922. Pp. 7. Comparison, 1922 with 1921, of results of operations of some 225 companies, representing about one-half of the electric railway earnings of the United States, shows decrease in operating ratio from 75.5 per cent to 72.6 per cent, 63 per cent increase of net income, 4.88 per cent decrease of operating expenses, and decrease of average fare from 7.2 cents to 7.1 cents. Numerous other statistical data.
- . *Review of paving situation*. Aera, Feb., 1923. Pp. 21. Burden of paving between tracks now absorbs an equivalent of about 25 per cent of estimated net income of the electric railway industry. Survey of relief granted in some 17 jurisdictions.
- NASH, L. R. *The hope of reward*. Elec. World, Mar. 10, 1923. Pp. 3. To secure the ablest type of utility management regulation should make some provision for rewarding utilities for efficiency.
- REID, H. *The future of the traction*. Aera, Feb., 1923. Pp. 2. Interurban lines should look to long-haul freight business.
- SIMPSON, J. R. *Decisions affecting public utilities*. Gas Age-Record, Jan. 6, 1923. Pp. 2. Abstracts of recent cases bearing on rates, extensions and capitalization.
- . *Management free from regulation*. Gas Age-Record, Jan. 27, 1923. Pp. 3. Citation of cases indicating where line is drawn between managerial and regulatory functions of state commissions.
- TURNER, D. L. *New York, London, Paris and Berlin transit compared*. Elec. Ry. Jour., Jan. 27, 1923. Pp. 3. Comparison of fares, types of cars, headways, etc.
- Economies of interconnection*. Elec. World, Jan. 6, 1923. Pp. 3. Practical illustrations of five designated advantages of interconnection of utility plants.
- Effect of legislation on securities*. Nat. Elec. Light Assoc. Bull., Feb., 1923. Pp. 4. General survey of recent developments, from investors' point of view.
- Is a merit and demerit system for utility service possible?* Elec. Ry. Jour., March 10, 1923. P. 1. Good results obtained in Wisconsin.
- Receiverships lowest in eight years*. Elec. Ry. Jour., Jan. 6, 1923. Pp. 5. Statistics of electric railway receiverships, foreclosure sales and abandonments, 1909 to 1922, by districts and details by companies.
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- Valuation in rate-making*. Yale Law Jour., Feb., 1923. Pp. 3. Brief discussion of various theories of valuation. "Prudent investment" theory preferable.
- \$1,545,055 net for Boston Elevated*. Elec. Ry. Jour., Feb. 3, 1923. Pp. 2. Improved conditions, while not yet permitting general reduction in basic 10 cent fare, have enabled repayment of part of loans advanced by cities to meet deficit of first year of public operation. Statistical data on operations.

Accounting

(Abstracts by Martin J. Shugrue)

- ADAMS, J. P. *Cash discounts and their accounting treatment*. Administration, Feb., 1923. Pp. 9. Merchandise cost is the net purchase price and discounts should be handled accordingly.

- BRAMEL, H. J. *Accounting procedure for an advertising agency*. Pace Student, Jan., 1923. Pp. 5. Illustrated with forms.
- CARTER, P. H. *How to read a balance sheet*. Jour. Inst. of Bankers, March, 1923. Pp. 4. Analysis of balance sheet of an English manufacturer.
- CLARK, A. T. *Water works accounting at Herkimer, N. Y.* Jour. Am. Water Works Assoc., Jan., 1923. Pp. 6. Brief description of an actual system.
- FITCH, S. G. H. *What industrial accounting should mean to the executive*. Jour. Account., Jan., 1923. Pp. 15.
- FRASER, C. E. *The readjustment of retail and wholesale operating expenses*. Harvard Bus. Rev., Jan., 1923. Pp. 14. Statistical study of manner in which operating expenses tend to fluctuate with sales in the various periods of a business cycle.
- JOHNSON, G. H. *Going value of inventories*. Jour. Account., March, 1923. Pp. 2. A rather unusual method of inventory valuation.
- HAWKINS, H. B. *Determining piano costs*. Jour. Account., Feb., 1923. Pp. 9. Description of methods of compiling manufacturing costs.
- LATTA, W. *Accounting for a newspaper*. Pace Student, Feb., 1923. Pp. 4.
- LAZARUS, A. *Common sense cost accounting*. Indus. Manag., March, 1923. Pp. 4. Why wider recognition is needed of the value of true cost figures.
- LINCOLN, S. B. *Costs of woolen and worsted mills*. Bull. Nat. Assoc. of Wool Manfrs., Jan., 1923. Pp. 9. Cost variations of the last ten years as they apply to the woolen worsted plants. Comparative costs illustrated by diagrams.
- McKEE, R. W. *Cost apportionment in flour milling*. Jour. Account., Jan., 1923. Pp. 4. How to figure the costs of by-products in a flour mill.
- McKINSEY, J. C. *Municipal accounting*. Jour. Account., Feb., 1923. Pp. 13. A consideration of the purposes of municipal accounting and general methods for securing the information.
- MASON, J. K. *Capital turnover*. Administration, Jan., 1923. Pp. 5. Capital turnover is the index to the frequency with which working capital is converted and sold.
- MITCHELL, W. C. *Accountants and economies with reference to the business cycle*. Jour. Account., March, 1923. Pp. 10. New fields for the accountant to develop.
- PINKERTON, P. W. *The surplus of corporations*. Administration, Jan., 1923. Pp. 7. Surplus is classified not only as to its sources, but also as to the purpose for which it is retained in the business when it is not distributed in dividends.
- . *The surplus of corporations: the distribution of surplus*. Administration, March, 1923. Pp. 8. General conditions under which dividends may be declared, the payment of dividends out of capital and the form dividends may take.
- SANDERS, T. H. *Present status of uniform cost accounting*. Harvard Bus. Rev., Jan., 1923. Pp. 8. Summary of a questionnaire addressed to about 80 associations. Relations to anti-trust legislation.
- SCHLATTER, C. F. *Payment of dividends before restoring impaired capital*. Jour. Account., March, 1923. Pp. 13. Legal considerations involved.
- SITKA, K. *Accounting problems of fluctuating currencies*. Administration, March, 1923. Pp. 4. Some accounting problems as they are found in Austria and Germany today.
- STAUB, W. A. *Amortization under the income tax laws*. Administration, March, 1923. Pp. 11. What costs may be amortized and how they must be recorded.
- TAPP, T. J. *Accounting for rice milling*. Jour. Account., Jan., 1923. Pp. 6.
- WALKER, R. G. *The municipal balance-sheet*. Jour. Account., March, 1923. Pp. 16. What it should contain and how it should be arranged.

- WILDMAN, J. R. *Sinking-fund method for amortizing franchises.* Jour. Account., Jan., 1923. Pp. 5. An unsound method. The straight-line basis should be used.
- Municipal water works accounting system.* Waterworks. Mo. Issue of Engineering and Contracting, Feb. 14, 1923. Pp. 3.

Business Management

- ATKINS, P. M. *Organization and its graphic record.* Administration, March, 1923. Pp. 10.
- AVERY, F. M. *Rate setting by means of elemental time study.* Indus. Manag., March, 1923. Pp. 3.
- BROOKS, E. E. *Master budgets of sales and production.* Bull. Taylor Soc., Dec., 1922. Pp. 6.
- BROWN, P. S. *The organization and management of a medium-sized plant.* Bull. Taylor Soc., Feb., 1923. Pp. 8.
- LINK, H. C. *The training of "institutional" salesmen.* Administration, Oct., Nov., 1922. Pp. 5, 6.
- MOSHER, W. E. *Employment management in the British Empire.* Nat. Munic. Rev., Feb., 1923. Pp. 4.
- OWEN, H. S. *How production planning cuts costs.* Indus. Manag., March, 1923. Pp. 6.
- PERSON, H. S. *Shaping your management to meet developing industrial conditions.* Bull. Taylor Soc., Dec., 1922. Pp. 7.
- PORTER, R. W. *Building a balanced sales organization.* Administration, March, 1923. Pp. 10.
- REILLY, P. J. *Reduction of waste in operating departments of large retail stores.* Bull. Taylor Soc., Feb., 1923. Pp. 6.
- SHELDON, O. *How far can functionalization go?* Administration, Feb., 1923. Pp. 7.
- WELD, L. D. H. *Lo! The poor middleman.* Nation's Bus., Feb., 1923. Pp. 2.

Labor and Labor Organizations

(Abstracts by David A. McCabe)

- BARKER, J. E. *What the English labor party wants.* No. Am. Rev., April, 1923. Pp. 14. Author is unsympathetic.
- BEZANSON, A. *Local factors in connection with labor turnover.* Am. Econ. Rev., Supp., March, 1923. Pp. 15.
- BULL, E. *Die Entwicklung der Arbeiterbewegung in dem drei skandinavischen Ländern 1914-1920.* Archiv f. d. Ges. des Sozialismus u. Arbeiterbewegung, 8 Heft, 10 Jahrg. Pp. 34.
- CANINA, A. G. *Intorno alle premesse economiche della legislazione del lavoro ed alle sue recenti tendenze.* Giorn. d. Econ., Dec., 1922. Pp. 25.
- CHANNEY, W. *Record of industrial accidents in the United States to 1921.* Mo. Labor Rev., Dec., 1922. Pp. 15.
- COMMONS, J. R. *Wage theories and wage policies.* Am. Econ. Rev., Supp., March, 1923. Pp. 8.
- CORREGGIARI, A. *Il servizio sociale nelle fabbriche per il benessere delle maestranze.* Rif. Soc., Jan.-Feb., 1923. Pp. 13. Italian employers have been slow to introduce plans for the benefit of employees in factories. The Italian Institute for Social Aid has made a hopeful beginning.

- DILNOT, F. *Labor begins a new career in Britain's parliament.* Am. Rev. of Rev., Feb., 1923. Pp. 3.
- FILENE, E. A. *No store efficiency without fair wages.* Am. Cloak and Suit Rev., March, 1923. Pp. 5. An argument for minimum wage law, by owner of a large department store.
- FLEXNER, J. *Some aspects of workers' control in industry.* Economica, Jan., 1923. Pp. 16. Unfavorable criticism of theory and program of guild socialists.
- GILBERTSON, H. S. *Meeting the labor problem in the clothing industry.* Administration, Feb., 1923. Pp. 9. Appraisal, from standpoint of the employers, of the plan of collective bargaining with provision for arbitration by an "impartial chairman," which prevails in the men's clothing industry.
- GREGG, A. S. *A shop congress that works.* Nation's Bus., Feb., 1923. Pp. 3. Four years of experience with industrial representation in the American Multi-graph Company's plant at Cleveland.
- HANSEN, A. H. *The outlook for wages and employment.* Am. Econ. Rev., Supp., March, 1923. Pp. 18.
- HENGELL, H. C. *Ethics of unemployment insurance.* Am. Lab. Legis. Rev., Mar., 1923. Pp. 3.
- HERMANN, C. C. *The adjustment of piece rates.* Indus. Manag., Feb., 1923. Pp. 5. Methods of establishing accurate production standards for the fixing of rates in relation to each other; all rates should rise and fall with the rise and fall of the wages of common labor in the market.
- HOOKESTADT, C. *Comparison of compensation laws in the United States, as of January 1, 1923.* Mo. Labor Rev., Jan., 1923. Pp. 12.
- HOOVER, B. W. *Labor, railroads and the public.* Am. Bar Assoc. Jour., Jan., 1923. Pp. 4. Expresses alarm at political program of railroad labor leaders and favors addition of prohibition of strikes to Transportation act. Author is chairman of the Railroad Labor Board.
- . *Radicalism versus government.* No. Am. Rev., March, 1923. Pp. 14. Criticizes railroad labor leaders severely for advocacy of Plumb plan and for proposals to curb powers of the courts.
- JOHNSON, G. W. *Behind the monster's mask.* Survey Graphic, April, 1923. Pp. 4. Examination of labor policy of southern cotton mill owners.
- LÖWEGREN, G. *Dyrtid, livsmedelpolitik och lönestrider i Frankrike.* Soc. Med., no. 11, 1922. Pp. 6. Report to the Swedish labor department on high prices, wage disputes and government regulations along these lines in France.
- LOZOVSKY, A. *The new economic policy and the trade unions.* Survey Graphic, March, 1923. Pp. 5. Action and reaction of the Soviet state and the trade unions. Author is both a trade-unionist and a bolshevist.
- MACKENZIE, F. W. *Accident compensation administration in Pennsylvania.* Am. Labor Legis. Rev., March, 1923. Pp. 5. Summary of a report made by John B. Andrews and Miles Dawson for Governor Pinchot's Citizens' Committee.
- MALLERY, O. T. *Unemployment and public works.* Am. Labor Legis. Rev., March, 1923. Pp. 5.
- MONTINI, L. *La IV Conferenza del Lavoro.* Riv. Internaz., Jan., 1923. Pp. 20. Progress in the international movement for labor legislation.
- MOREHOUSE, E. W. *Development of industrial law in the Rochester clothing market.* Quart. Jour. Econ., Feb., 1923. Pp. 33. The general tendencies of the decisions of the impartial chairman and the purposes behind them.

- OGBURN, W. F. *The standard-of-living factor in wages*. Am. Econ. Rev., Supp., March, 1923. Pp. 11.
- PHILIP, A. *Le guild socialisme dans l'industrie anglaise*. Rev. d'Econ. Pol., Nov.-Dec., 1922. Pp. 24. Chiefly concerned with the building guilds experiment.
- RICE, G. S. and ADAMS, W. M. *Accidents in mines*. Am. Labor Legis. Rev., March, 1923. Pp. 7. Authors, who are on the staff of the U. S. Bureau of Mines, point out how the Bureau coöperates in work of prevention.
- SAPOSS, D. J. *What lies back of Foster*. New Repub., Jan. 17, 1923. Pp. 2.
- SCHARRENBURG, P. *The advantages of the La Follette Seamen's act*. Am. Fed., Feb., 1923. Pp. 5.
- SEAGER, H. R. *Company unions vs. trade unions*. Am. Econ. Rev., March, 1923. Pp. 13.
- SOULE, G. *The productivity factor in wage determinations*. Am. Econ. Rev., Supp., March, 1923. Pp. 12.
- STEWART, B. M. *The functions of public employment services and public works*. Am. Labor Legis. Rev., March, 1923. Pp. 10.
- STEWART, E. *Labor efficiency and productiveness in sawmills*. Mo. Labor Rev., Jan., 1923. Pp. 21.
- . *Safety activities of the United States government*. Mo. Labor Rev., Feb., 1923. Pp. 5.
- STOLBERG, B. *Railroad labor amalgamation*. New Repub., Feb. 21, 1923. Pp. 4. The tendencies toward and obstacles to amalgamation of the unions in railroad service.
- STONE, N. I. *Can the worker be guaranteed continuous employment?* Proc. Nat. Conference of Social Work, 49th Annual Meeting, 1922. Pp. 6. Examines the various methods of preventing involuntary unemployment and answers in the negative; favors unemployment insurance.
- THOMSON, G. *Apprenticeship and the craft revival*. Survey Graphic, Feb., 1923. Pp. 4.
- WOLMAN, L. *The future for unemployment insurance*. Am. Labor Legis. Rev., March, 1923. Pp. 7.
- ZIMAND, S. *Labor's task where labor rules*. Survey Graphic, March, 1923. Pp. 10. Observations on situation in Russia.
- Contracting out of shop work*. Mo. Labor Rev., Jan., 1923. Pp. 3. The decision of the Railroad Labor Board; involves decision of Board to recognize the shopmen who went on strike.
- Hyrendämndernas verksamhet under år 1921*. Soc. Med., no. 2, 1923. Pp. 19. Report on work of Swedish wage commission during 1921, giving statistical tables.
- Industrial inspection in Soviet Russia*. Intern. Lab. Rev., Jan., 1923. Pp. 13. Majority of the inspectors are chosen by the workers and from the working classes.
- Group versus collective bargaining in the railway shop*. Railway Rev., Jan. 6, 1923. Pp. 7. Account of labor corporation formed at Beech Grove shops of Big Four Railway by former union shopmen after the calling of the general shopmen's strike.
- Maintenance-of-way rules*. Mo. Labor Rev., Feb., 1923. Pp. 4. Decision of the Railroad Labor Board.
- Trend of wages of electric railway trainmen*. Am. Electric Railway Assoc., Feb. 1, 1923. Pp. 13.

Money, Prices, Credit, and Banking

(Abstracts by N. R. Whitney)

- ALLABON, F. and BAYLES, W. H. *Some early banks and New York politics*. Jour. Am. History, April-June, 1922. Chapter in the series "A History of Banks and Banking in the City of New York."
- ARIAS, G. *Les précurseurs de l'économie monétaire en Italie: Davanzati et Montanari*. Rev. d'Econ. Pol., Nov.-Dec., 1922. Pp. 17. Appreciative account of Davanzati and Montanari. Gives former (1588) credit for the first statement of the quantity theory of money; the latter (1683) was the first to attempt demonstration of the theory with mathematical precision.
- BELL, H. *Solidity a factor in London's position*. Bankers Mag., Jan., 1923. Pp. 2. Solidity, comprehensiveness, an open market, the London acceptance, as well as the British joint stock banking system, are responsible for London's financial position.
- BILDT, C. *Några uplysningar om det italienska pappersmyntet*. Ek. Tids., no. 1 and 2, 1923. Pp. 18. Information concerning Italian paper money, its issue, amount in circulation, and metal reserves.
- CANNAN, E. *Professor Cassel on money and foreign exchange*. Econ. Jour., Dec., 1922. Pp. 8. A review of Cassel's book. Cassel upholds two theses: (1) that prices must be regulated by a proper "discount policy"; and (2) deflation must be avoided at all costs. Professor Cannan disagrees with both.
- CHIEPNER, B. S. *L'évolution du régime bancaire en Belgique (suite)*. Rev. de l'Inst. de Sociol., Nov., 1922. Pp. 27. Period covered is from 1834 to 1850. The principal characteristic of the period is the absence of a central bank of emission. The chief items from the balance sheets of the Société Générale and the Banque de Belgique for each year are presented.
- CURTISS, F. H. *Bank reserves under the federal reserve system*. Harvard Bus. Rev., Oct., 1922.
- ENGLÄNDER, O. *Das Geld ohne Eigenwert und die Preislehre*. Jahrb. Nationalök. u. Stat., Aug., 1922. Pp. 47. Comparison of various theories of price determination under a régime of fiat money.
- ESCUDERO, A. V. *Evolución de la moneda en España*. Rev. Nacional de Econ., año VII, tomo XIII. Pp. 20. Account of the history of money in Spain from the fourth century down to modern times. Contains list of some of the early silver and gold coins showing their relations to each other from 1252 to 1497.
- FANNO, M. *Inflazione monetaria e corso dei cambi*. Giorn. d. Econ., Feb., 1923. Pp. 25. The course of the exchanges during war time.
- FRÖLICH, F. *Die Geldenwertung in ihrer Auswirkung auf die Erfüllung von Lieferverträgen*. Kartell-Rundschau, Heft 11-12, 1922. Pp. 13. A study of the effect of the declining value of the mark on industry in Germany with special reference to the machine-building industry. The author speaks of the course of dollar exchange as a sort of fever thermometer, and he denies that Germany purposely sold out the mark. A graph is presented showing the percentage increases in the price of raw materials, wages, and the finished products in the machine industry as compared with the decline in the value of the mark. The outlook for the future of German industry is very dark because of (a) lack of international means of payment; (b) export of capital and shortage of business credit—the gold basis for the expansion of credit by the banks has been greatly diminished; and (c) uncertainty as to the course of exchange.
- GANGEMI, L. *Sul credito agrario di stato*. Riv. Internaz., Jan., 1923. Pp. 20. During and since the war, Italy made governmental provision for agricultural credit.

- GARRETT, S. S. *Some notes on the relation of money and prices.* Am. Econ. Rev., March, 1923. Pp. 3.
- GIGNOUX, C. J. *Le problème monétaire mondial et la théorie du Professeur Cassel.* Rev. d'Econ. Pol., Sept.-Oct., 1922. Pp. 15. Discusses Cassel's plan for stabilizing exchange by devaluation of paper currencies in each country on the basis of their internal purchasing power. The program has been made more difficult by the fact that some countries are deflating while others are continuing inflation.
- GOLDENWEISER, E. A. *Effects of further gold imports on our banking situation.* Am. Econ. Rev., March, 1923. Pp. 8.
- GUTTERIDGE, H. C. *The law of bankers' credits.* Economica, Jan., 1923. Pp. 19. Discussion of the legal relations between banker and beneficiary under the various types of commercial letters of credit; the measure of damages for a breach of contract by the banker involved; and the security for advances made under bankers' credits.
- HÖNIC, F. *Schröders Bankprojekt. Ein Kapitel zu einer Geschichte des Bankprojektes in der sozialen Utopie.* Zeitschr. f. Volkswirts. u. Sozialpolitik, 7-9 Heft, Band II. Pp. 40. A discussion of Schröder's book, which outlines a plan for a bank whose function it would be to supply current capital to producers of wealth. The establishment of a national exchange bank was suggested, the banks to issue bills of exchange based upon the commodities produced which would be held as collateral. A bank of this sort was established in Brünn in 1751. The bank was fairly successful at first, and then later suffered great losses because of fraud within the institution. In a modified form the bank is still in existence. Another bank of this sort was established in Vienna in 1787. The author gives approval to such a plan for communities in which credit is still in its early stages of development.
- KENT, F. I. *The banker's interest in coöperative marketing.* Econ. World, Feb. 17, 1923. Pp. 3. Groups of farmers organized for coöperative marketing on a sound basis have no difficulty in securing favorable credit extension from banks.
- KIDDY, A. W. *London as a financial center.* Bankers Mag., Jan., 1923. Pp. 4. On account of her supreme position in financial activities and the resulting automatic control of foreign exchanges, Great Britain was the leading financial center of the world previous to the war. Given normal development and opportunities Britain will undoubtedly regain her position of financial leadership.
- LAGERQUIST, W. E. *Some aspects of the relation of foreign securities to the monetary systems.* Administration, Dec., 1922. Pp. 9. The first of two articles dealing with fundamental relations existing between the money system of a country and security values and prices. Use of high-grade securities in settlement of foreign trade balances is more economical than gold.
- LIESSE, A. *Politique financière et politique monétaire.* L'Econ. Franç., Jan. 13, 1923. Pp. 3. Urges the necessity of governmental economy and gradual deflation. Administration expenses have been entirely too large; a certain amount of wastefulness has characterized the restoration of devastated regions; and unless great care is taken paper money issues will become uncontrollable. Believes that French socialists favor inflation in order to bankrupt the present régime.
- MACHIN, S. *London's present commercial and financial position, and the outlook for the future.* Bankers Mag., Jan., 1923. P. 1. Economic position of London has not been seriously affected or permanently impaired by the disturbances due to the war.
- MEYER, T. *Bankpolitik.* Nat. ök Tids., no. 1, 1923. Pp. 24. Discusses banking principles and banking practices with special reference to current Danish conditions.
- MINTS, L. W. *Open market borrowing.* Jour. Pol. Econ., Feb., 1923. Pp. 11. Ex-

perience of the Edystone Leather Company in financing the purchase of hides and production of leather for export trade during the depression of 1920.

MONTGOMERY, A. *Några synpunkter på konjunkturovecklingen i Förenta Staterna 1919 och 1920*. Ek. Tids, no. 1 and 2, 1923. Pp. 50. Treats of some phases of the activities of the American Federal Reserve Board during 1919-1920, with particular reference to their influence on international banking and business conditions.

OLSCHA, L. *Ausverkauf und Aktienabwanderung als Folgen des Geldsturzes*. Zeitschr. f. Volkswirts. u. Sozialpolitik, 7-9 Heft, Band II. Pp. 52. Discusses the possibility of foreign domination of Austrian industries. Includes tables showing some of the industries in which foreign capital is invested, and shows the extent to which Italy, France, Great Britain, America, Germany, and Switzerland have secured control. Asserts that the English River Syndicate has obtained control of the whole Danube River traffic in Austria and Hungary.

PARMELEE, M. *L'inflation monétaire et la distribution de la richesse*. Scientia, Dec., 1922. Pp. 9. Monetary inflation has impoverished the middle class; the gap between the middle and the richer class has been widened; and the richer class has profited tremendously.

PATON, T. B. *Par collection by federal reserve banks*. Jour. Am. Bankers Assoc., Dec., 1922. Pp. 2. Discussion of the case of the American Bank and Trust Company et al vs. Federal Reserve Bank of Atlanta et al, in which it was held that the names of institutions may not be included on the par list without their consent but that collection of checks may be made by presentation to the drawees for payment in cash, if made without designed delay or accumulation and in a proper manner.

RID, L. J. *Commercial and financial London*. Bankers Mag., Jan., 1923. Pp. 5. London's international financial prestige grew out of and followed her trade prestige. London holds some of the world's largest markets for raw materials and is the center as well of one of Britain's most important manufacturing areas. The world leadership in finance has not been shaken by the war.

_____. *The financial prestige of London*. Bankers Mag., Jan., 1923. Pp. 13. Development of the financial machinery was a gradual evolution without interference from legislative restriction. Describes the organization, functions, and operations of the various financial institutions in London.

SCHACK, H. *Das Geltungsproblem des sozialen Werturteils*. Jahrb. f. Nationalök. u. Stat., July, 1922. Pp. 24.

SCHELLE, G. *L'argent métal et la question monétaire en Indochine*. Jour. des Econ., Dec. 15, 1922. Pp. 3. Discussion of the book under the same title by Jean Henri Adam. Reviewer calls attention to Adam's advocacy of the postponement of the re-introduction of the gold standard, which he says is in contrast to the attitude of most students who favor immediate action looking to restoration.

SCHUSTER, F. *London, the financial center*. Bankers Mag., Jan., 1923. Pp. 3. The fundamental cause of London's financial position is the strict maintenance of a sound currency; the gold standard coupled with a highly developed banking system.

SOMMARIN, E. *Les banques d'émission scandinaves pendant la guerre*. Rev. d'Econ. Pol., Sept.-Oct., 1922. Pp. 22. Historical account of operations of the Bank of Sweden, Bank of Norway, and Bank of Denmark, during the war. The discount policy and the gold policy are discussed. Tables show condition of these banks at various periods.

STERNHEIM, A. *De internationale Geldmarkt*. De Econ. (Dutch), March, 1923. Pp. 9. Outlines the international financial situation for the first months of 1923, giving statistics and graphs.

- TAGLIABUE, G. *Gli elementi determinanti la potenzialità d'acquisto dei biglietti di banca a corso forzato*. Riv. Internaz., Dec., 1922. Pp. 6.
- VALGREN, V. N. *War and post-war rural credit measures in the United States*. Intern. Rev. Agri. Econ., Feb., 1923. Pp. 11. An account of the service of the War Finance Corporation, the federal farm loan system, the seed-grain loan fund, and the federal reserve system to agriculture.
- WARD, D. *Banking developments in England*. Bankers Mag., Jan., 1923. Pp. 3. Prior to the war the London money market was developing extreme subdivision of functions and an increasing concentration through the absorption by large London banks of smaller institutions. Since the war, banking development has taken the form of foreign banking departments and branches of banks not before interested directly in overseas banking. With foreign banking development has come the growth of the London foreign exchange market.
- WITHERS, H. *London and New York compared*. Bankers Mag., Jan., 1923. Pp. 2. New York would have an even chance eventually to divide the world's financial business with London except for the fact that the high protective tariff will keep the United States from attaining supremacy in trade, without which supremacy in finance is impossible.
- WILLIS, H. P. *The probable trend of rate of interest and investment*. Am. Econ. Rev., Supp., March, 1923. Pp. 12.
- WORKING, H. *Prices and the quantity of circulating medium 1890-1921*. Quart. Jour. Econ., Feb., 1923. Pp. 28. An interesting, although not entirely convincing attempt to establish a method of forecasting changes in the general price level through the use of the "equation of exchange." Author claims reasonable success for the period of 1890-1916. Extraneous factors apparently vitiate the method during the period of the war. Results are held as a final and conclusive proof of the validity of the arguments for the quantity theory of money.
- YOUNG, A. A. *The trend of prices*. Am. Econ. Rev., Supp., March, 1923. Pp. 10.
- American banks, bankers and trust companies in London*. Bankers Mag., Jan., 1923. Pp. 11. Seven American banks and trust companies and four private banking and investment companies have branch offices in London.
- Banks and agriculture*. The Economist (London), Feb. 3, 1923. Pp. 2. Advances to farmers often made with little or no security. Large sums granted more or less permanently for farm land purchase in defiance of strict banking principles. Recommends the organization of a land bank by the "big five."
- The French and Belgian exchanges*. The Economist (London), Feb. 17, 1923. P. 1. Marked discrepancy between French and Belgian franc. A selling movement from America affects the French franc considerably more than the Belgian; from the continent the Belgian exchange is more affected. Serious financial position of France is responsible for the steady fall of the franc; the recovery of the mark is the natural reaction from panic quotations. It is also the result of deliberate action of the Reichsbank and French purchases for use in the Ruhr.
- Irish Free State banking*. The Economist (London), Feb. 10, 1923. P. 1. Bank of Ireland, which is a trading institution in active competition with other joint-stock Free State banks enjoys a practical monopoly in carrying on the government business. This position has been recently challenged by the National Bank and it appears possible that an unseemly struggle for this government business may result.
- Mr. McKenna on deflation*. The Economist (London), Feb. 3, 1923. Pp. 2. Condemns policy of the government in attempting to reduce volume of purchasing power in the hands of the public for the purpose of establishing lower prices and thus increasing the value of the currency. This is harmful in its effects on trade, and unnecessary. Without any attempt at deflation in England, according to

McKenna, sterling will rise to parity with the dollar because of the inflation which will be induced in America by the huge stock of gold.

Les opérations de la Banque de France pendant l'année 1922. L'Econ. Franç., Feb. 3, 10, 17, 1923. Pp. 2, 3, 1. Three articles presenting statistics covering the various banking activities.

The price of new capital. The Economist (London), Feb. 10, 1923. P. 1. Average rate paid on government and municipal stocks and company debentures was 5.78 per cent for 1922 as compared with 6.39 per cent in 1921, 6.97 per cent in 1920, and 5.07 per cent in 1913. The fall in the rate was more pronounced the latter part of 1922.

Stock exchange money. The Economist (London), Feb. 10, 1923. P. 1. Reintroduction of contangoes into the stock exchange and the return to pre-war conditions of dealings so far as fortnightly settlements are concerned have increased business in the markets. The Inland Revenue allows stock exchange dealers to take up stock in their own name for a few months upon a nominal transfer stamp. Buyers of stock are thus enabled to finance commitments with little trouble.

When the dollar goes to par. The Economist (London), March 17, 1923. Pp. 2. Discusses three possible situations resulting from dollar sterling exchange parity —(a) restricted export but free import of gold; (b) regulated import as well as export; (c) free gold market with no restrictions.

Public Finance

(Abstracts by Charles P. Huse)

ABERDAM, S. *L'effondrement financier de l'Autriche.* Jour. des Econ., Feb. 15, 1923. Pp. 22. Describes the terrible aftermath of the war and tells of the signs of recovery already apparent.

BERGLUND, A. *The Tariff act of 1922.* Am. Econ. Rev., March, 1923. Pp. 20.

BRINDLEY, J. E. *Report of the legislative tax committee of Iowa.* Bull. Nat. Tax Assoc., March, 1923. Pp. 7. Recommends that appointed county assessors take the place of local elected officers.

CLAN, J. *Den Britiske Präferencepolitik.* Nat. ök. Tids., no. 1, 1923. Pp. 31. Gives a historical sketch of preferential tariffs within the British Empire and shows their political significance with respect to imperial unity and to local aspirations to greater economic independence.

COMSTOCK, A. *Capital levies in Europe.* Am. Rev. Rev., April, 1923. Pp. 4. Experience of Italy, Germany and the Austrian countries shows that the levy can be used with some success in countries where a heavy sacrifice seems to be the only resort.

CROZIER, J. *Federal taxation of income from federal and state securities and salaries, under the sixteenth amendment.* Bull. Nat. Tax Assoc., March, 1923. Pp. 6. Believes that if case were properly presented, the Supreme Court would hold unconstitutional legislation taxing these incomes.

DAVENPORT, F. M. *Electric railway taxation; an exposition of the work done a year ago in New York state by the legislative committee of which the speaker was chairman, with a consideration of methods of taxation.* Electric Railway Jour., Feb. 17, 1923. Pp. 3.

DAVIDSON, D. *Om beskattningssnormen vid inkomstskatten.* Ek. Tids., no. 11 and 12, 1922. Pp. 48. Author discusses what he considers correct theories underlying the levying of income taxes.

FISH, S. *A critique of Professor Seligman's presentation of the case against tax-exempt bonds.* Econ. World, Jan. 27, 1923. Pp. 3. Reprinted from N. Y. Times, Jan. 21, 1923. Emphasizes gain in lower interest charges.

- FRIDAY, D. *The growth of taxes.* Am. Rev. Rev., March, 1923. Pp. 5. Burden of taxes due to the war has thus far been placed upon the well-to-do.
- GERLOFF, W. *Steuervirtschaft und Sozialismus.* Archiv f. d. Ges. des Sozialismus u. der Arbeiterbewegung, 2 und 3 Heft, 10 Jahrg. Pp. 58. While Lasalle favored the abolition of indirect taxes, Marx and Engels saw no benefit to the workingmen in such a step. Bolshevik writers favor state monopolies, paper money issues and heavy taxes on property as long as it remains in private hands.
- GIRARD, J. *Vers un aménagement de notre dette viagère de guerre.* Jour. Soc. Stat. de Paris, Jan., 1923. Pp. 5. Discusses methods of rearranging the pension burden.
- GOTTLIEB, L. R. *Growth in local tax burdens.* Quart. Jour. Econ., Feb., 1923. Pp. 9. A matter of grave concern.
- . *La situation internationale des impôts.* Jour. des Econ., Feb. 15, 1923. Pp. 9. Percentage of national income taken by taxation in 1920-21 was 11.3 in the United States, 13.7 in France, 23 in the United Kingdom and 26.3 in Germany.
- HAUGEN, N. P. *Methods of assessing railroad property for taxation.* Bull. Nat. Tax Assoc., Feb., 1923. Pp. 9. Discusses the ad valorem methods which are gaining in favor over the tax on gross earnings.
- JACQ, F. *Le privilège inscrit au profit du trésor sur les immeubles des assujettis à la taxe sur les bénéfices de guerre.* Jour. des Econ., Dec. 15, 1922. Pp. 10. Describes the methods used in trying to collect taxes on war profits.
- JASTROW, J. *The new tax system in Germany.* Quart. Jour. Econ., Feb., 1923. Pp. 40. This very burdensome national system includes a personal income tax with rates from 10 to 60 per cent, progressive taxes on property and property increments, an inheritance tax, with higher rates on heirs already wealthy, a two per cent tax on general sales, and heavier luxury taxes, the brandy monopoly, and taxes on beer, tobacco, sugar, and salt.
- JÈZE, G. *Primes de remboursement. Les émissions au-dessous du pair.* Rev. Sci. et Légis. Finan., Oct.-Nov.-Dec., 1922. Pp. 37. Favors issue at par. England, France and Italy have often issued below par; the United States not since 1842.
- KEIRSTEAD, W. C. *Provincial taxation of companies in Canadian provinces.* Jour. Pol. Econ., Feb., 1923. Pp. 25. Sketches development of taxation since confederation and gives a detailed study of present methods of taxing banks, public utilities and other companies in the different provinces.
- KIDDY, A. W. *Opinion in London financial circles regarding the terms of settlement of Great Britain's debt to the United States.* Econ. World, March 17, 1923. Pp. 3. Reprinted in part from N. Y. Evening Post, March 10, 1923. British bankers are on the whole pleased with the terms.
- LEANDER, E. G. *The sales tax in its fiscal, administrative, and economic aspects.* Bull. Nat. Tax Assoc., Nov., 1922. Pp. 9. Would be difficult to collect, probably disappointing in yield, and unequal in its incidence.
- LINDAHL, E. *Beskattningen av aktiebolag och ekonomiska föreningar.* Ek. Tids., no. 11 and 12, 1922. Pp. 32. Discusses the taxation of corporations and corporation earnings and suggests reforms in existing Swedish tax laws.
- LORD, H. M. *The national budget system.* Nat. Munic. Rev., Feb., 1923. Pp. 6. Explains the methods of this very helpful branch.
- MAY, G. O. *Taxation of capital gains.* Bull. Nat. Tax Assoc., Dec., 1922. Pp. 8. Reprinted from the *Harvard Business Review* of October, 1922.
- MONTIEL, R. S. *El nuevo gobierno y la reconstrucción de las finanzas nacionales.* Rev. de Econ. Argentina, Sept., 1922. Pp. 9. Describes effect of the war on Argentine finances and considers plans for increasing the revenues.

- MONTGOMERY, R. *Budgetary legislation in 1922*. Am. Pol. Sci. Rev., Feb., 1923. Pp. 4. With few legislatures in session, a surprising amount was enacted.
- NELSON, H. B. *What is ahead in Wisconsin income taxation*. Bull. Nat. Tax Assoc., March, 1923. Pp. 3. Believes the secrecy clause will be eliminated, rates increased and various exemptions abolished.
- NYULÁSZI, J. *Staatsverträge zur Regelung von Steuer- und Gebührenfragen*. Ungarische Jahrb., Aug., 1922. Pp. 35. Points out the need of international agreements in order to prevent double taxation.
- QUALID, W. *Les finances locales en Alsace et en Lorraine*. Rev. d'Econ. Pol., Nov.-Dec., 1922. Pp. 28. Differ from rest of France in greater revenues from domains and since the war in the imposition of heavier taxes on local industry.
- PEANO, C. *Il problema della riparazioni*. Riv. di Pol. Econ., Feb., 1923. Pp. 5.
- PYLE, J. F. *The taxation of incomes in Oklahoma*. Bull. Nat. Tax Assoc., Jan., 1923. Pp. 5. Reprinted from the *Journal of Political Economy*, October, 1922.
- REPACI, F. A. *Il livello del protezionismo in Italia*. Rif. Soc., Nov.-Dec., 1922. Pp. 37. A full and careful statement of the nature of the new tariff legislation enacted in Italy.
- RODANÒ, C. *La tariffa doganale e l'industria meccanica italiana*. Rif. Soc., Nov.-Dec., 1922. Pp. 16.
- ROSSI, G. *Il fallimento fiscale*. Rif. Soc., Jan.-Feb., 1923. Pp. 22.
- SELIGMAN, E. R. A. *The problem of tax-exempt bonds in the United States*. Econ. World, Jan. 13, 20, 1923. Pp. 5. The exemption produces loss of revenue, inequality of burden and extravagance in expenditures.
- TUCKER, R. S. *Apportionment of federal aid and the Towner-Sterling bill*. Bull. Nat. Tax Assoc., Nov., 1922. Pp. 4. Doubts the wisdom of this measure.
- TUCKER, R. S. *Financial argument for federal aid to education: a criticism*. Am. Econ. Rev., March, 1923. Pp. 14.
- VAKIL, C. N. *Report of the Indian fiscal commission*. Jour. Indian Econ. Soc., Sept., 1922. Pp. 14. Favors a policy of protection.
- WELHOFF, M. E. *Le projet d'emprunt forcé Norvégien de 1920*. Rev. Sci. et Légis. Finan., Oct.-Nov.-Dec., 1922. Pp. 32. Norway finally gave up the forced loan in favor of a voluntary one, to be paid by a tax on capital.
- The bank tax situation*. Bull. Nat. Tax Assoc., March, 1923. Pp. 4. By an amendment of March 4, states may tax the shares of national banks, the dividends, or the income of the association.
- The Fordney-McCumber Tariff bill*. Bull. Nat. Assoc. Wool Manfrs., Jan., 1923. Pp. 17. Though generally favoring the act, the discretionary power given the president is disapproved as bringing uncertainty into business.
- The future of reparations and interallied debts*. Round Table, March, 1923. Pp. 16. For the sake of world peace and prosperity, these problems should be approached with the spirit of leniency.
- Lettere e memoriali di industrie danneggiate*. Rif. Soc., Nov.-Dec., 1922. Pp. 38. Some twenty-five letters dealing with industries hurt by the new Italian tariff law.
- La situation financière de la ville de Paris*. L'Econ. Franç., Feb. 24, 1923. Pp. 3. The credit of Paris is good, though her debt has doubled since 1914; the debt service requires but 28 per cent of the budget, compared with 31 in 1914.
- Tax exempt securities report*. Mo. Bull. Chamber of Commerce, Feb., 1923. Pp. 20. The Chamber of Commerce of the state of New York voted 120 to 63 against the proposed amendment.

Tax problems in Michigan. Bull. Nat. Tax Assoc., March, 1923. Pp. 5. The Michigan committee of inquiry into taxation condemns tax exemption and the great inequality in the present method of taxing various classes of intangibles in that state.

Population

(Abstracts by A. B. Wolfe)

- ADAMI, G. *The true aristocracy.* Eugenics Rev., Oct., 1922. Pp. 13. Proposal to employ mental tests for eugenic purposes.
- BOUTHOU, G. *Etude sociologique des variations de la natalité dans les faits et la doctrine.* Rev. Intern. Sociol., March-April, May-June, 1922. Pp. 24, 23. The first number discusses historical and social factors, the second economic influences.
- BUELL, R. L. *The development of the anti-Japanese agitation in the United States.* Pol. Sci. Quart., Dec., 1922. Pp. 34. An historical account of the political aspects of the anti-Japanese movement in California.
- CASE, C. M. *Eugenics as a social philosophy.* Jour. Applied Soc., Sept.-Oct., 1922. Pp. 13. There is no proof that the "successful" are superior. The eugenist should either ask less in the way of results or a vast deal more in the way of radical social reconstruction.
- COX, H. *The reduction of the birth rate as a necessary instrument for the improvement of the race.* Eugenics Rev., July, 1922. Pp. 10. A vigorous article on birth control.
- DESCAMPS, P. *Comment les conditions de vie des sauvages influencent leur natalité.* Rev. de l'Inst. Sociol., Sept., 1922. Pp. 21. Interesting but sketchy article on the methods used by savages to restrict population, and the causes leading them to do so; also the conditions of subsistence and social practices tending automatically to keep down the birth rate. Bibliography.
- DRYSDALE, C. V. *A guiding principle for practical eugenic reform.* Eugenics Rev., July, 1922. Pp. 10. The principle should be rational selection in the closest possible conformity with natural selection.
- FAWCETT, C. B. *British conurbations in 1921.* Sociol. Rev., April, 1922. Pp. 12. Maps. A study of the agglomerations of British towns and cities.
- GEORGE, M. D. *The increase of population in the eighteenth century as illustrated by London.* Econ. Jour., Sept., 1922. Pp. 28. A scholarly article reviewing the London bills of mortality, and the famous controversy over Dr. Price's theory that the population of England was on the decrease during the eighteenth century; showing also the proof of increase as brought out by the census of 1801 and 1811, and setting forth the causes, which relate mainly to the decreasing death rate—improved child care, lying-in hospitals and dispensaries, and improved urban sanitation producing a decline, especially in deaths from typhus.
- GINI, C. *Eugenics and the war.* Eugenics Rev., Oct., 1922. Pp. 3. Summary of results obtained in Italy from investigations into the effects of military conscription on race, characteristics of births from conceptions during and after the war, and selective action of war-time mortality.
- HOYEM, O. *Immigration and America's safety.* Am. Fed., Nov., 1922. Pp. 10. In view of the serious industrial problems that must be solved in the future, it is a mistake to add to the difficulty. If it is not solved on an American basis, it certainly will not be beneficial to industry if it is solved on the basis and standards of southern and eastern Europe.
- KNIGHT, A. S. *Life waste in the United States and Canada in 1922; its warnings and its lessons.* Econ. World, Dec. 9, 1922. Pp. 3. Causes of death, especially

those showing an increase in the death rate. Advocates periodical follow-up medical examinations for all insured persons, on the ground that companies which have pursued this policy have markedly reduced the death rate from certain diseases.

LEDÉ, F. *La protection des enfants du premier âge (loi du 23 décembre, 1874) et budgets départementaux*. Journ. Soc. Stat. de Paris, Nov., 1922. Pp. 6. A statistical study for certain départements, in the years 1913, 1919, and 1920, of the number of infants reared by hired wet-nurses. The statistics show a notable decline in the number.

MCBRIDE, E. W. *The inheritance of acquired characters and its bearings on eugenic theory and practice*. Eugenics Rev., July, 1922. Pp. 12. It is a new encouragement to learn that the effects of effort are not lost but are in some degree inherited by the next generation, and that education when it becomes too easy is no education. Broad conclusions drawn from Kammerer's experiments with the mid-wife toad, Alytes.

MALLET, B. *Registration in relation to eugenics*. Eugenics Rev., April, 1922. Pp. 8. Points out the shortcomings of the English registration system from the standpoint of the need of eugenists for more detailed and specific vital statistics. Regrets the mass of valuable unpublished data on the family in the files of the United States Census Bureau.

MAROI, L. *Alcune monografie di storia demografica*. Rev. Internaz., Nov., 1922. Pp. 9. The chief developments, over a long period, of the demographic history of Florence, Leghorn, Messina and Palermo.

TURNOR, C. *Migration, the Empire's greatest problem*. United Empire, Oct., 1922. Pp. 7. Calls upon the provinces to coöperate in stimulating and regulating white settlement within the Empire. "The whole future of the British Empire depends upon the use to which we put our white population, which is limited, while the lands to be developed are almost unlimited. . . . no waste of man-power must be permitted."

VIALATE, A. *La politique de l'immigration aux Etats-Unis*. L'Econ. Franç., Dec. 9, 1922. Pp. 2. Brief historical review of American immigration legislation and policy.

YOUNG, K. *Intelligence tests of immigrant groups*. Sci. Mo., Nov., 1922. Pp. 18. An attempt to draw conclusions as to immigration policy from army and other mental tests deemed to render racial comparisons scientifically practicable.

The depopulation of Russia. United States Public Health Reports, Oct. 27, 1922. Pp. 3. Abstract of an article in *Epidemiological Intelligence*, September, 1922, published by the health section of the League of Nations. Based on official Russian sources. The decline for the area including European Russia, Northern Caucasus, Siberia up to the Baikal Sea, the Kirghiez Republic, and two governments of the Ukraine is estimated at 12,000,000 (1914-1920), as contrasted with what would have been a normal natural increase of 12,000,000. Birth and death registration is very incomplete, but in 15 governments in which it is supposed to be "more or less" complete the birth rates (1920) range from 16.2 to 33.2, and the rates of natural decrease from 0.9 to 67.2—the latter in Petrograd.

Insurance and Pensions

(Abstracts by Henry J. Harris)

ADAMS, C. *The defects of reciprocal insurance from the standpoint of the insured*. Econ. World, Feb. 3, 1923. Pp. 3. The absolute power of the attorney-in-fact weakens the position of the assured; the exchange is not a corporate body and it is doubtful if it is a legal entity.

- ANDREWS, J. B. *Progress in old age pension legislation*. Am. Labor Legis. Rev., March, 1923. Pp. 2. Montana and Nevada have enacted such laws, while bills have been introduced into 21 other legislatures.
- BEVERIDGE, W. H. *The objections to the scheme of unemployment insurance by separate industries*. Econ. World, March 3, 1923. Pp. 2. Breaking up the present organization into a series of industrial schemes is impracticable because the industries cannot be defined, the labor shifts from one industry to another and the exchanges could not function as well.
- BLAU, B. *Die juristischen Probleme der Sachlebenversicherung*. Zeit. f. d. ges. Ver. Wis., Jan., 1923. Pp. 11. Describes buildings and shipping coverage in the field of depreciation insurance.
- BRAUN, H. *Aus der Werdezeit der Lebensversicherung*. Zeit. f. d. ges. Ver. Wis., Jan., 1923. Pp. 11. History of the early English companies, 1698 to 1800.
- COLEMAN, C. P. *Benefit and insurance plan of Worthington Pump and Machinery Corporation*. Bloomfield's Labor Digest, Feb. 3, 1923. Pp. 3.
- DRUBE, O. *Beweislast in der Viehversicherung*. Zeit. f. d. ges. Ver. Wis., Jan., 1923. Pp. 7. Proof required under the provisions of German law.
- EHRENZWEIG, A. *Die schulhafte Herbeiführung des Versicherungsfalls*. Zeit. f. d. ges. Ver. Wis., Jan., 1923. Pp. 14. General principles.
- GUNTHER, E. *Die Tarife in der Invaliden- und Angestelltenversicherung*. Zeit. f. d. ges. Ver. Wis., Jan., 1923. Pp. 12. Proposes plan for percentual schedule of contributions.
- HOFFMAN, F. L. *Unemployment insurance in Great Britain and the evidence it affords regarding the system*. Econ. World, Jan. 27, 1923. Pp. 3. Analysis of British experience since 1911. Unemployment prevention and relief by private initiative would give better results.
- HOLDEN, C. R. *Developing the life insurance trust plan*. Econ. World, March 17, 1923. Pp. 3. Reprinted from *Trust Companies*, Feb., 1923. Explanation with illustrations.
- HOOKESTADT, C. *Comparison of compensation laws in the United States, as of January 1, 1923*. Mo. Labor Rev., Jan., 1923. Pp. 11. Comparison of various features of the acts.
- HUGHES, J. *Law makers and your insurance*. Nation's Bus., March, 1923. Pp. 2. Legislative interference with insurance business means higher cost to public.
- INSOLERA, F. *Il fallimento dell' assicurazione obbligatoria italiana contro l'invalidità e la vecchiaia*. Riv. Soc., Nov.-Dec., 1922. Pp. 9.
- LENGYEL, S. *Lehren aus der Geldentwertung für den Versicherungsbetrieb*. Zeitschr. f. d. ges. Ver. Wis., Jan., 1923. Pp. 6. Effect of depreciated currency on insurance in Austria.
- MACKENZIE, F. W. *Accident compensation administration in Pennsylvania*. Am. Labor Legis. Rev., March, 1923. Pp. 5. Report to governor recommending improvements in administration and changes in law.
- MULLINS, H. A. *Principles and practices employed in adjustments of marine insurance losses*. Econ. World, March 3, 1923. Pp. 4. Details of operations.
- SHERMAN, P. T. *Social insurance in France*. The Monitor (Buffalo, N. Y.), Feb., 1923. Pp. 6. Summarizes provisions of the Daniel-Vincent bill, quotes comment on it from various sources and concludes that bill is not generally acceptable as a solution of the social insurance problem in France.
- VALGREN, V. N. *Farmers' mutual fire insurance in the United States*. Econ. World, March 17, 1923. P. 1. Development of these mutuals, which now have larger county companies giving inspection service, etc.

WALE, S. M. *Casualty insurance: its forms and their development (concluded)*. Econ. World, Jan. 6, 1923. Conditions in South Africa in the automobile, burglary, public liability, etc., branches.

WOLMAN, L. *The future for unemployment insurance*. Am. Labor Legis. Rev., March, 1923. Pp. 7. Only state action will provide general relief. Best prospects seem to be along line of Wisconsin plan.

Compulsory accident insurance of agricultural workers in Italy. Mo. Labor Rev., Jan., 1923. Pp. 7. Scope of the law of August 23, 1917, with operations of first three years.

Pauperism, Charities, and Relief Measures

(Abstracts by George B. Mangold)

ELIOT, T. D. *The back-to-the-school movement*. Jour. Delinquency, Nov., 1922. This report was made to the National Probation Association and represents a study of the unofficial treatment of pre-delinquent children. The study is somewhat detailed, showing methods in use in the leading American cities. Much work is now being done to prevent the necessity of court action.

MATTHEWS, J. *A case in point*. Jour. Delinquency, Nov., 1922. Consists of a brief statement and history of a wayward and apparently feeble-minded girl. Illustrates the problems we face in not creating an adequate program for this type.

O'HARA, F. J. *A year's progress in social work*. Catholic Charities Rev., Feb., 1923. Reviews a year's work in the state of New York. Among the topics covered are unemployment, health, child welfare, and corrections. There are numerous citations of movements inaugurated and of particular forms of work accomplished.

PATTERSON, S. H. *Family desertion and non-support*. Jour. Delinquency, Nov., 1922. The concluding article in a series relating to the investigation of this problem as exhibited in court cases of the Domestic Relations Court in Philadelphia. Gives a number of very important tables dealing with the individual and psychological aspects of desertion. Ends with a summary covering such points as the amount of desertion, the causes and its treatment.

Statistics

(Abstracts by Bruce D. Mudgett)

BOWLEY, A. L. and CONNOR, L. R. *Tests of correspondence between statistical grouping and formulae*. Economica, Jan., 1923. Pp. 9.

BROGAN, A. P. *A study in statistical ethics*. Intern. Jour. Ethics, Jan., 1923. Pp. 14. Writer suggests that comparative ethics, which in the past has been largely historical, must in the future make use of the method of correlation. Presents results of a study of judgments of students on "worst practices"—lying, swearing, cheating, gossip, etc.—finding high correlations between rankings by men and women, and between university groups in Universities of Texas, Chicago, Wisconsin, and Kansas.

BURGESS, W. R. *Evidence for the business cycle*. Administration, Feb., 1923. Pp. 7. A summary of the discussions at a recent meeting held under the auspices of the American Statistical Association. Discussions resulted in general agreement "as to the facts of the business cycle. . . . The differences of opinion arose in the discussion of the causes of the business cycle and in drawing conclusions as to the practical implications."

EICHEL, O. R. *The long-time cycles of pandemic influenza*. Jour. Am. Stat. Assoc., Dec., 1922. Pp. 8.

FISHER, R. A. *The goodness of fit of regression formulae and the distribution of regression coefficients*. Jour. Royal Stat. Soc., July, 1922. Pp. 15.

GREENWOOD, M. *Discussion on the value of life-tables in statistical research.* Jour. Royal Stat. Soc., July, 1922. Pp. 23. A round table discussion of two theses proposed by Dr. Greenwood: (1) "that the intellectual prestige which.... attaches to the art of constructing and graduating life tables, is excessive"; and (2) "that the value of life tables, graduated or ungraduated, as instruments of research is small; that they furnish hardly any information of value not directly deducible from the death-rate at ages."

HELME, W. C. *The relation between rents and incomes, and the distribution of rental values.* Bell System Tech. Jour., Nov., 1922. Pp. 27. A thorough statistical study made in an effort to establish, over a period of years, the probable growth of demand for telephone service.

HORWITZ, H. B., WENBRIDGE, H. A., and HUTKIN, H. J. *Statistical compilation: some of its uses as a function of scientific management.* Bull. Taylor Soc., Feb., 1923. Pp. 8. Authors are members of planning departments, statistical division, and methods division respectively of the Joseph and Feiss Company, Cleveland. Contending that many firms which today use modern methods of organization make too limited use of figures collected or available, they describe the methods by which the statistical division of the company transfers data regarding personnel, customers' orders, factory orders, materials, supplies, etc., to cards for mechanical sorting and tabulating, and issues various periodical and special reports. Article maintains that concentration of this work in a separate division and its proper organization eliminates much waste effort in answering various inquiries from executive officers or from outside sources.

LEDERER, M. *Indexziffer und Löhne in der deutsch-österreichischen Industrie.* Soziale Praxis, Sept. 6, 1922.

LEHFELDT, R. A. *Statistics of extremely depreciated currencies.* Econ. Jour., Dec., 1922. A statistical test of the conclusion that "when a currency becomes extremely depreciated it is no longer true that the elasticity of demand is equal to unity."

MCPHERSON, J. B. *The census of wool manufacture in 1919.* Bull. Nat. Assoc. Wool Manfrs., Oct., 1922. Pp. 17. Tables containing data from advance sheets of the *U. S. Census of Manufactures, 1919.*

ROORBACH, G. B. *The need for international uniformity in business statistics.* Harvard Bus. Rev., Jan., 1923. Pp. 9. A brief résumé of the reasons for lack of uniformity in the foreign trade statistics of various countries and an enumeration of the steps thus far taken to remedy these defects. Author spent the last year in Europe studying this problem for the Bureau of Foreign and Domestic Commerce and is well qualified to discuss it.

RORTY, M. C. *The statistical control of business activities.* Harvard Bus. Rev., Jan., 1923. Pp. 12. The business statistician must combine a broad practical knowledge of the particular business with skill in statistical technique. For real statistical control the data furnished must be made the basis of executive action, hence the importance of direct, close, and cordial relationships between the statistician and the executive. For this reason, also, statistical departments should be developed slowly and in response to demands from executives and not be imposed upon them. The work of the business statistician includes general business forecasts, forecasts for the particular industry, market and price analyses, preparation of budgets, personnel and wage studies. All together focus on the primary object of "relieving the executive from the pressure of details and enabling him to concentrate upon important matters."

VEEDIER, J. W. *The interpretation of statistics relating to shipping casualties and loss of life at sea.* Jour. Royal Stat. Soc., July, 1922. Pp. 35. The economic issue involved in this paper and the discussion which followed it concerned, broadly, the question whether greater safety at sea in the future will come through government regulations or through measures adopted by builders and operators of ships.

WORKING, H. *Prices and the quantity of circulating medium, 1890-1921.* Quart. Jour. Econ., Feb., 1923. Pp. 25. Suggests that general price level may be predicted nearly one year in advance by knowledge of quantity of circulating medium.

YOUNG, A. A. *Fisher's "The Making of Index Numbers."* Quart. Jour. Econ., Feb., 1923. Pp. 22. "Now that Professor Fisher has shown that the index number may be an instrument of precision, that the instrumental error of the formula may be reduced to a small fraction of one per cent, no excuse remains for the use of any but the most accurate formulas. Just how accurate our index numbers are should depend almost wholly upon the accuracy and the representative character of the data we use."

The movement of wages in various countries since 1914. Bull. Stat. Générale de la France, Oct., 1922. Pp. 112.

DOCUMENTS, REPORTS AND LEGISLATION

Industries and Commerce

CONSTITUTIONALITY OF GRAIN FUTURES ACT UPHOLD BY SUPREME COURT. The second Capper-Tincher act, entitled the Grain Futures act, was declared constitutional on April 16 by the United States Supreme Court, two judges dissenting. Chief Justice Taft gave the opinion, as he did in the case of the first Capper-Tincher act, which he declared unconstitutional last year. It will be remembered, of course, that the first act was accepted by the grain exchanges themselves, but was contested by seven members of the Chicago Board of Trade.

An analysis of the Grain Futures act shows that it is a regulatory measure, further extending the control of the federal government over private business. The purpose of the act as stated in its title is to remove "obstructions and burdens" on interstate commerce. Future trading on the grain exchanges is, in the judgment of Congress, subject to "manipulation and control," and therefore prices are at times subject to "sudden or unreasonable fluctuations." The act puts these grain exchanges dealing in futures under the supervision of the Secretary of Agriculture and imposes four conditions on them as follows: (1) The keeping of a record by each member of his every transaction in cash or futures, in permanent form for three years, open to inspection by representatives of the Department of Agriculture and of Justice. (2) The prevention of the dissemination by the Board or any of its members of misleading market information. (3) The prevention of manipulation and corners. (4) The adoption of a rule permitting farmers' coöperatives to join the grain exchange and still keep the privilege of paying patronage dividends. (In other words, the exchange must modify its Commission Rule, forbidding the payment of rebates.)

The reasoning of Chief Justice Taft may be very briefly summarized. The first Capper-Tincher act he declared unconstitutional because it based its authority not on the power to regulate interstate commerce but on the taxing power of Congress. In declaring this to be an unconstitutional use of the taxing power, Judge Taft gave the rather broad hint that the law should be based on the commerce clause of the constitution, and should endeavor to remove "obstructions and burdens" on interstate commerce. The new act carried out this suggestion. In the judgment of Congress, said Judge Taft, future trading was susceptible to certain abuses, constituting a burden on commerce, and the court would not substitute its judgment for that of Congress in the matter. The evidence submitted to the court convinced Judge Taft that at times there had been abuses of future trading. Hence, on purely economic grounds he decided in favor of the new law.

The Chicago Board of Trade, in presenting its case against the act, did not concentrate attention on the merits and demerits of future trading, but covered various other aspects of the law, particularly that portion concerning the Commission Rule.

In reading the briefs in the case and the court decision, the economist is a little perplexed as to the actual findings concerning the effects of future trading in stabilizing prices. The Chicago Board of Trade presented affidavits from a number of distinguished economists, all affirming the orthodox economic opinion that organized speculation in future contract stabilizes prices. Judge Taft refers to these affidavits and accepts them as sound in principle and in practice. Section 3 of the act itself contains, among other statements, these words about the use of futures: "The prices involved in such transactions are generally quoted and disseminated throughout the United States and in foreign countries. . . . to facilitate the movements in interstate commerce (of grain and by-products thereof); that such transactions are utilized by shippers, dealers, millers, and others engaged in handling grain and the products and by-products thereof in interstate commerce as a means of hedging themselves against possible loss through fluctuations in price."

In other words, it seems fair to conclude, the act and the decision thereon declare that the proper use of future trading does stabilize prices and facilitate commerce, but that future trading is, like everything else, "susceptible" to abuse. Hence the remedy—the regulation of this act—is applied.

A final question. What effect will this act have? Two answers seem to me important. The Chicago Board of Trade, where 85 per cent of the future trading in the United States takes place, is likely to be a beneficiary of this act, just as the Big Packers were benefited by the law establishing the federal inspection of meat. This decision gives high sanction to the legitimate and wide use of future trading. In the second place, however, this act places considerable power in the hands of a cabinet member—a political appointee—and this power is "susceptible to abuse." Under the present Secretary of Agriculture, the Board of Trade has no fears. But the future holds unpleasant possibilities.

JAMES E. BOYLE.

Cornell University.

The Tariff Commission has compiled in a separate pamphlet the *Laws Relating to the United States Tariff Commission* (Washington, 1922, pp. 13).

Sixth Annual Report of the United States Tariff Commission, 1922 contains a résumé of the work of the Commission on commodity schedules with particular reference to the revision of the tariff in 1922.

The Bureau of Foreign and Domestic Commerce has issued the following bulletins:

Miscellaneous Series—

No. 116, *Steamship Services from United States Ports*, by W. R. Long (Washington, 1922, pp. 107).

Special Agents Series—

No. 215, *Asiatic Markets for Industrial Machinery*, by W. H. Rastall (1922, pp. 332). Contains maps and illustrations.

No. 217, *Japan as an Automotive Market*, by W. I. Irvine (1922, pp. 64).

Special Consular Reports—

No. 83, *Palestine: Its Commercial Resources with Particular Reference to American Trade*, by A. E. Southard (1922, pp. 64).

No. 84, *Cotton and Cotton Goods in Western Sweden*, by W. H. Sholes (1922, pp. 60).

A letter from the Secretary of War transmitting the report of the National Forest Reservation Commission has been printed as S. D. 273 (67th Cong., 4th Sess., Washington, 1923, pp. 30).

The Hearings before the Senate Committee of Finance on the proposed *Tariff Act of 1921* (H. R. 7456) have been consolidated in eight volumes including a general index. This appears as S. D. 108 (67th Cong., 2d Sess.). The contents of the volume are as follows: I, American valuation; dyes embargo; II, Chemicals, oils, and paints; Earths, earthenware, and glassware; III, Metals and manufactures of; Wood and manufactures of; Sugar, molasses, and manufactures of; Tobacco and manufactures of; IV, Agricultural products and provisions; Spirits, wines, and other beverages; V, Cotton manufactures; Flax, hemp, and jute, and manufactures of; Wool and manufactures of; Silk and silk goods; Papers and books; Sundries; VI, Free list; VII, Special provisions; Administrative provisions; VIII, General index.

The *Yearbook for 1917 and 1918* of the Illinois State Geological Survey, bull. no. 38, contains a chapter on mineral resources in industries, in which several pages are devoted to the early history of minerals used in industry in Illinois (pp. 47-64).

The New Orleans Association of Commerce has prepared a typewritten memorandum on *Port Economy* in which "rail, water, and highway transportation are fully coördinated at warehouse and factory site in a port market of deposit and exchange between sources of supply and centers of distribution" (Walter Parker, General Manager, New Orleans, La.).

Mr. Martin J. Gillen of Chicago has prepared some statistical tables showing the investments of farmers, their receipts, and disbursements and indebtedness during the years 1921-1923.

Corporations

The *Progress Reports* of the Commission in Opposition to the St. Lawrence Ship Canal and Power Project have been printed as New York Legislative Document (1922), no. 33, 40, and 73 (pp. 47, 32, 264).

The statement of R. S. Lovett, of the Union Pacific System, before the Interstate Commerce Commission in the matter of the consolidation of the railroad properties of the United States has been separately printed in pamphlet form.

The following public utility reports have been received:

Eleventh Annual Report of the Public Utilities Commission of Connecticut (Hartford, 1923, pp. 765).

Report of the Public Service Commission for the First District of the State of New York for 1919. Vol. II, *Statistics of Public Service Corporations* (New York, pp. 947).

Fourteenth Annual Report of the Public Service Commission for the First District of the State of New York, 1920 (New York, 1921, pp. 981).

Ninth Annual Report of the West Virginia Public Service Commission, July 1, 1921 to June 30, 1922 (Charleston, 1922, pp. 594).

The Motor Vehicle Conference Committee (366 Madison Ave., New York) has issued the following pamphlets: *Sound basis for laws, Digest of state laws in force January 1, 1923*; *Sound basis for state laws, Digest, Suggestion for uniform state laws*; *Sound and equitable principles for motor vehicle taxation, State laws in force January 1, 1923*, *Total amount of taxes paid in 1921* (January 1, 1923, pp. 11; 16; 24).

The Industrial Department of the Lehigh and New England Railroad Company (Bethlehem, Pa.) has published several booklets in regard to special advantages of locating manufacturing establishments in the district covered by that railroad. Among these are *Establishing Branch Plants* (pp. 47), *Locating the Factory* (pp. 39), and *Finding the Facts* (pp. 48).

Labor

The Bureau of Labor Statistics has printed:

- No. 313, *Consumers' Coöperative Societies in the United States in 1920*, by Florence E. Parker (Washington, October, 1922, pp. 146).
- No. 314, *Coöperative Credit Societies (Credit Unions) in America and Foreign Countries*, by E. L. Whitney (December, 1922, pp. 60).
- No. 317, *Wages and Hours of Labor in Lumber Manufacturing, 1921* (January, 1923, pp. 55).
- No. 320, *Wholesale Prices, 1890 to 1921* (December, 1922, pp. 276).
Reference is made to the changes in the grouping of commodities for the purpose of computing the index numbers.

The Women's Bureau of the United States Department of Labor has issued:

- No. 25, *Women in the Candy Industry in Chicago and St. Louis: A Study of Hours, Wages and Working Conditions in 1920-1921* (Washington, 1923, pp. 72).
- No. 26, *Women in Arkansas Industries: A Study of Hours, Wages, and Working Conditions* (1923, pp. 85).

The Children's Bureau of the United States Department of Labor has published:

- No. 110, *The Nutrition and Care of Children in a Mountain County of Kentucky*, by Lydia Roberts (Washington, 1922, pp. 41).

Child Labor in the United States, Ten Questions Answered (1923, pp. 31).

This briefly states the number of children in the United States at work—occupations, sections, trades, and trend of change in special employments, progress of legal regulation. The topics are illustrated by maps and charts.

Brief for Appellants in the District of Columbia Minimum Wage Cases, presented at the October term, 1922, of the Supreme Court of the United States, has been issued in two volumes. The brief was prepared by Francis H. Stevens, corporation counsel, District of Columbia; Professor Felix Frankfurter, and Miss Mary W. Dewson, research secretary of the National Consumers League. Copies may be had by applying to the National Consumers League, 44 East 23d St., New York City. The brief contains the Argument (pp. i-lxvi); part I, The successful working of the minimum wage legislation, with subtopics for the District of Columbia, Arkansas, California, Colorado, Kansas, Massachusetts, Minnesota, North Dakota, Oregon, Texas, Washington, Wisconsin, Great Britain, Australia, Canada; part II, The minimum wage laws in the United States, the British Empire, and other foreign countries; part III, The need for wage legislation for women in the District of Columbia and generally in the United States. In this part there is detailed discussion of the wages of women, minimum standard of living, and the evils of inadequate wages for women. The brief closes with an index of sources quoted, covering thirty pages (1923, 2 vols., pp. lxvi, 1138).

The International Labor Office (Geneva) has published a series of monographs on *Hours of Labour in Industry* for different countries: *Germany* (pp. 40); *Belgium* (pp. 30); *France* (pp. 54).

From the National Personnel Association (20 Vesey Street, New York) have been received the following pamphlets: *Job analysis*; *Psychological test and rating scales in relation to training*; *Industrial and public school relations*; *Coöperation with engineering colleges*; *Employees' publications*; *Foreman training methods*; *Shop training*; *Developing men for executive positions*; *Economics for employees*; *Training the personnel of small offices*; *Trade apprenticeship progress*; *Employment and labor turnover*; *Industrial motion pictures*.

Labor reports have been received as follows:

Sixth Report of the Industrial Commission of Colorado, December 1, 1921 to December 1, 1922 (Denver, 1922, pp. 173).

Fourth Biennial Report of the Commissioner of Labor of the State of Nevada, 1921-1922 (Carson City, 1923, pp. 111).

Annual Report of the Industrial Commissioner of the State of New York (Albany, State Department of Labor, 1922, pp. 268).

Money, Prices, Credit, and Banking

The statement of Eugene Meyer, Jr., before the House Committee on Banking and Currency (67th Cong., 4th Sess.) on *Rural Credits* has been separately printed (Washington, 1923, pp. 102).

The Hearings before the Senate Committee on Banking and Currency on *Bills to Provide Credit Facilities for the Agricultural and Livestock Industries in the United States; to Amend the Federal Farm Loan Act; to Amend the Federal Reserve Act; and for Other Purposes* have been printed in six parts (pp. 402).

Reports on banking have been received:

Fifteenth and Sixteenth Annual Reports of the State Bank Commissioner of Colorado, 1921 and 1922 (Denver, 1923, pp. 301).

Fourth Annual Report of the State Bank Commissioner of Delaware, 1922 (Dover, 1923, pp. 107).

Taxation

Addresses of the President of the United States and the Director of the Bureau of the Budget at the Fourth Regular Meeting of the Business Organization of Government, held January 29, 1923 has been issued in pamphlet form (Washington, Gov. Prtg. Office, pp. 29).

State reports dealing with taxation are as follows:

Report of the California State Board of Equalization for 1921-1922 (Sacramento, 1923, pp. 87).

Report of the Tax Commissioner of Connecticut for Biennial Period, 1921 and 1922 (Hartford, 1922, pp. 914).

Proceedings of the Twenty-second Annual Conference of the State Board of Tax Commissioners and County Assessors of Indiana, 1922 (Indianapolis, 1923, pp. 139).

Twelfth Annual Report of the New Hampshire State Tax Commission, 1922 (Concord, 1922, pp. 181).

Ninth Report of the Board of Tax Commissioners of Rhode Island 1921-1922 (Providence, 1923, pp. 147).

Eighth Annual Report of the South Carolina Tax Commission, 1922 (Columbia, 1923, pp. 163).

NOTES

INCORPORATION OF THE AMERICAN ECONOMIC ASSOCIATION.—Conforming to the amendment to the Constitution of the American Economic Association at the Chicago meeting and to the action of the Executive Committee, the Secretary arranged with Mr. E. A. Harriman, Counsel, to incorporate the American Economic Association in the District of Columbia. According to the charter, the name of the Association is not changed, the term of the charter is made perpetual, and the objects of the Association are the same as those of the unincorporated society. The list of officers and their duties are unchanged, except that the new office of Counsel is created, the Counsel being elected for a period of one year by the Executive Committee. Mr. E. A. Harriman has been elected Counsel for the current year, and his office at 735 Southern Building, Washington, D. C., is made the legal domicile of the Association. The incorporators were Messrs. E. A. Harriman, P. W. Bidwell, L. C. Gray, and Francis Walker. The number of trustees is fourteen, and it is provided that they be called the Executive Committee, which has the same composition as did the Executive Committee of the unincorporated society. The system of government is therefore practically the same as before incorporation. The Secretary calls the attention of the members of the Association to the fact that the incorporated Association is now in a position to receive and hold endowment funds and that these would be very helpful in financing the Association.

A meeting of the Executive Committee of the AMERICAN ECONOMIC ASSOCIATION was held in New York City on March 17, at which it was decided to hold the next annual meeting in Washington, D. C., December 27-29.

The following names have been added to the membership of the AMERICAN ECONOMIC ASSOCIATION since the first of March:

Beckley, S. D., 464 California St., San Francisco, Calif.
Bellamy, R., Florida State College for Women, Tallahassee, Fla.
Bishop, D. M., 414 W. 12th St., Lawrence, Kans.
Burch, C. P., Oklahoma A. & M. College, Stillwater, Okla.
Burrows, R. N., College Station, Texas.
Byrne, L., 30 S. Governor St., Iowa City, Iowa.
Comer, H. D., Box 271, State College, New Mexico.
Cotton, W. J. H., 1003 Trinity Ave., Durham, N. Carolina.
Dale, H. C., University of Idaho, Moscow, Idaho.
Dietz, E., Northam, Nevada.
Evans, E., 19 Hirope St., Wellington, New Zealand.
Ejiri, M., 67 Bishopsgate, London, E. C. 2, England.
Fairlie, J. A., University of Illinois, Urbana, Ill.
Fernald, C. H., 6 Carter St., Chapel Hill, N. Carolina.
Flora, C. P., 155 Church St., Watertown, Mass.
Gardner, H. M., State College, New Mexico.
Graham, M. K., Graham, Texas.
Hargrave, F. F., Fowler Hotel, Lafayette, Ind.
Hassenmiller, K. L., 4315 Eastern Ave., Seattle, Wash.
Horner, S. L., 506 E. Jefferson St., Ann Arbor, Mich.
Hummel, J. J., Jr., 4303 Muriel Ave., Cleveland, Ohio.
Ikeuchi, Kazusuke, Karamonomachi, Higashiku, Osaka, Japan.
Kozelka, R. L., 3515 West 26th St., Chicago, Ill.

- Lahee, J. S., Elks Bldg., Burlington, Iowa.
 Land, J. N., 264 Rice Ave., West New Brighton, S. I., N. Y.
 Leonard, F., 1923 Dupont Ave., South Minneapolis, Minn.
 Lewis, B. W., 435 Thompson St., Ann Arbor, Mich.
 Logan, S. R., Hardin, Mont.
 Luedtke, C. L., 2121 Twentieth Street, N. W., Washington, D. C.
 Lyon, L. S., University of Chicago, Chicago, Ill.
 McArdle, J., 106 West 4th St., Cincinnati, Ohio.
 McGrew, J. H., Lock Box 794, Morgantown, W. Va.
 McMurray, J. H., Maryville College, Maryville, Tenn.
 Masson, R. L., 51 Brattle St., Cambridge, Mass.
 May, C. H., 1411 Wells St., Ann Arbor, Mich.
 Miller, R. M., University of Oregon, Eugene, Ore.
 Mutz, S. F., 2249 Smith St., Lincoln, Neb.
 Nordlie, L. T., 205 W. High St., Urbana, Ill.
 Owen, W. V., 254 Wood St., West Lafayette, Ind.
 Pareto, V., Celigny (Geneva), Switzerland.
 Patton, H. S., University of Alberta, Edmonton, Alberta, Canada.
 Pelz, V. H., Tulane University, New Orleans, La.
 Perkins, G. D., 1217 Tennessee St., Lawrence, Kans.
 Railey, J. L., Mercer University, Macon, Ga.
 Rive, A., Dept. of Economics, University of California, Berkeley, Calif.
 Root, R. C., College of the Pacific, San Jose, Calif.
 Schurz, F. D., Food Research Institute, Stanford University, Calif.
 Scott, DR., University of Missouri, Columbia, Mo.
 Sherman, W. R., DePauw University, Greencastle, Ind.
 Sherwood, S., Jr., 61 '79 Hall, Princeton, N. J.
 Soule, G., The Labor Bureau, Inc., 2 West 43d St., New York City.
 Sparks, F. S., 34 Newbury St., West Somerville, Mass.
 Taylor, W. B., 106 Bedford St., S. E., Minneapolis, Minn.
 Thomas, R. G., 607 University St., W. Lafayette, Ind.
 Tilton, H. C., 614 E. Fern St., Redlands, Calif.
 Tinling, N., 4012 Ashworth St., Seattle, Wash.
 Tylor, W. R., 310 N. Murray St., Madison, Wis.
 Walsh, J. R., 104 S. Prospect St., Merrill, Wis.
 Watkins, R. J., 421 West 121 St., New York City.
 Weber, G. M., Institute of Economics, 26 Jackson Place, Washington, D. C.
 Wheeler, H. E., 925 Allerton House, 45 East 55th St., New York City.
 Wicksell, K., Stocksund, Sweden.
 Wiley, C. A., 1902 Neches St., Austin, Texas.
 Zarchin, M. M., 2315 Dwight Way, Berkeley, Calif.

In 1919, the Norwegian Nobel Institute, Kristiania, established an international competition on the subject, "An account of the history of the free trade movement in the nineteenth century and its bearing on the international peace movement." The essays were due August 1, 1922. The prize was 5000 Norwegian crowns. Nine manuscripts were submitted from Europe and America. The committee of award was composed of Professor Thv. Aarum, University of Kristiania, Dr. A. Raestad, former minister of foreign affairs of Norway; R. Moc, secretary to the Nobel Committee, and J. Worm-Müller, councillor of the Nobel Institute and lecturer in the University of Kristiania. The committee has decided not to award the prize for any of the essays submitted, but recommends that an English essay bearing the epigraph, "echthéste odyne pollà phronéonta medénos kratéin," is sufficiently meritorious for publication in the series "Publications de l'Institut Nobel Norvégien."

An appeal has been made by the American Library Association (78 East Washington St., Chicago) for books for use by the American Library in Paris and by the American Library Association in meeting the requests for

American publications which come from other countries in Europe. "Almost any kind of books about America of comparatively recent date and in good condition will be acceptable. In many cases an edition other than the latest will be satisfactory. Encyclopedias, American history, travel, biography, economics, education, politics, sociology, municipal government, science, technology and literature are desired. Children's books of the very best kind will not be out of place." Shipping instructions will be sent by the secretary of the American Library Association.

A special meeting of the American Statistical Association was held in Washington, April 18. The general topic of discussion was the statistical work of the United States government. Two papers were presented: "Proposed reorganization of the statistical work of the government," by Herbert D. Brown, chief of the Bureau of Efficiency; and "The organization of a central statistical commission," by J. A. Hill, assistant director, Bureau of the Census.

At the meeting of the Foreign Trade Convention, held in New Orleans, May 2-4, several papers were presented on education for foreign trade. Among these was a paper on "The case method of training for foreign trade," by H. R. Tosdal, of Harvard University.

The Governmental Research Conference of the United States and Canada will hold its next annual meeting in Minneapolis, June 13 to 16.

A committee on engineering as applied to the United Typothetae of America presented its report (typewritten) to the entire executive committee, which adopted it while in session in Chicago during April. In this report, emphasis is placed upon problems relating to the human factors in industry and recent developments in the field of vocational education. Copies may be obtained upon application to Mr. Logan Anderson, Assistant Secretary of the United Typothetae of America, 608 South Dearborn St., Chicago.

The National Conference of Social Work, formerly known as the National Conference of Charities and Correction, held its annual convention in Washington, May 16-23. On May 18 the special topic was industry, with Rev. John A. Ryan, of the Catholic University of America, Washington, D. C., as chairman of the session.

On February 9 and 10 there was held at Wellesley College a conference on the teaching of economics, participated in by representatives from Mount Holyoke, Vassar, Smith, and Wellesley colleges. Among the subjects discussed were the subject-matter and methods of the elementary course, the possibility of an inter-collegiate examination in economics for those students majoring in economics, the relation of the advanced courses to the elementary courses, the value of the "content examination" in economics, and the honors plan recently put into operation at Smith College as it works in the department of economics.

At a largely attended meeting of the Economic Club of Portland, Maine on April 24, the Kansas Industrial Court was defended by one of the authors of the act, State Senator F. DuMont Smith, a leading lawyer of Kansas,

and was opposed by Matthew Woll, President of the Photo-engravers' Union of North America and a Vice-President of the American Federation of Labor. Professor W. B. Catlin of Bowdoin College opened the discussion with an analysis of the wage standards or criteria employed by minimum wage boards, the Railroad Labor Board and the Kansas Industrial Court. Although Senator Smith began with a tribute to the conservative leadership of President Gompers, the general tone and trend of his argument was hardly such as to dispel the impression that the Kansas law was drawn and passed in a spirit that was essentially anti-union. He made much of the distinction between a court and a board of arbitration; showed that the Court derives its authority and justification from the application of the ever-watchful police power of the state to the protection of the public in the enjoyment of the three great essentials of human life in a temperate zone: food, fuel, and clothing. The Court has settled 32 strikes and has put Alexander Howat, "one of the most corrupt labor bosses," out of business. Mr. Woll regards the Kansas Court as a step toward socialism and away from the settlement of labor questions upon a contractual basis. He expects that if the Court is continued and is imitated elsewhere, labor will be compelled in self-defense to be more active in the political field because it can no longer look to collective bargaining.

At the Sixteenth Annual Meeting of the Mississippi Valley Historical Association, held at Oklahoma City, March 29-31, the following papers were presented: "The agricultural development of Colorado Territory, 1858-1865," by J. L. Kingsbury, State Teachers College, Kirksville, Mo.; "Southern railroads, 1850-1860," by R. S. Cotterill, University of Louisville; and "The economic basis of the Populist movement in Iowa," by H. C. Nixon, Iowa State College of Agriculture and Mechanic Arts.

On April 6 and 7, the Sixth Annual Meeting of the Iowa Association of Economists and Sociologists was held at Iowa City, under the presidency of Professor Chester A. Phillips, of the University of Iowa. Among the papers presented were: "The present economic status of the Iowa farmer," by C. L. Holmes, and "Factors influencing interest rates in Iowa," by Claude L. Benner.

The Institut Internationale de Statistique will resume its associations this year, none having been held since the one at Vienna in 1913. The meeting this year will be at Brussels, October 1, 1923. A mixed committee composed of four members of the Institute and four members of the League of Nations has charge of the program. Among the reports which will be presented are: Statistics of international commerce, by Armand Julian; Statistics of mineral production, by Methorst; Statistics of agricultural production, by Professor Ricci; Statistics of fisheries, by Sir Henry Rew; Index numbers, by Lucian March; Uniformity of statistics of causes of still-births, by Huber; The progress of demography in the United States since 1900, by Professor Willcox; Individual schedules for the registration of the population, by Methorst.

An International Exhibition and Congress of Social Economy will be held in Buenos Aires in September, 1924. Detailed information may be obtained

from Sr. Tomàs Amadeo, Museo Social Argentino, Maipu 126, Buenos Aires, Republica Argentina.

Several monographs of the Institute of Economics (26 Jackson Place, Washington) will be ready for publication in the near future. Among these are to be noted (1) A study of the reparations question, which will be discussed from the standpoint of the German budgetary problem and also from that of the international balance of account. (2) A study of Russia's capacity to pay her external debts, or more specifically, what would be involved for Russia in meeting the obligation stipulated in the Genoa Conference. (3) The first of a series of studies on the effects of an agricultural tariff. This monograph will deal with sugar and will examine the extent to which the domestic industry is dependent upon protection, the burden of a sugar duty upon consumers, its benefit to the industry, and its desirability as a source of revenue. (4) A study of wage systems in the bituminous coal industry. The first nine chapters will include a historical review of the development of the machinery for determining wage rates in the bituminous coal industry, the theory and principles underlying this machinery, and the practical adaptation of these theories and principles to the actual determination of wage rates. The last two chapters will deal with readjustments which will have to be made in order to have the existing wage structure fit in with the adopted theory of wage rates, and the effects of the present system upon the welfare of the miner, the operator, and the consumer.

Indiana University dedicated a building for the School of Commerce and Finance, April 25-26.

The Food Research Institute, Stanford University, has recently published a circular describing its general policy and presenting a list of researches published in various journals. The first of the bulletins to be published is entitled, *Stale Bread Loss as a Problem in the Baking Industry*, by J. S. Davis and W. Eldred.

The department of economic science, Teachers College, Columbia University, will give a special course in the 1923 summer session on the economic problems of the household. Among the special subjects to be presented are a general survey course on "Social and economic problems of the home," by Professor Benjamin R. Andrews; "Family income management and thrift promotion," by Miss Emma A. Winslow; and "Housing and living conditions and community surveys," by Mr. Shelby M. Harrison.

The departments of history and political and economic science in Queen's University, Kingston, Canada, have issued bulletin no. 44 (February, 1923) on the subject, The Faculty of Arts and Business Training, by J. M. Macdonnell and W. C. Clark.

The University of Idaho has announced for next year a curriculum of business leading to the degree Bachelor of Science in Business. Within this curriculum are included the departments of economics, business administration, political science, and sociology.

Owing to the increase in the number of students at the University of

Porto Rico, the trustees have divided the department of history and social sciences. Professor F. M. Cutler will be in charge of the courses in history and an appointment will be made for studies in social sciences including economics, political science, and sociology.

The General Advisory Board of the Illinois Department of Labor began in September, 1921, to publish the *Employment Bulletin*, in which there are summarized reports from one third of the employers of the state, who make monthly statements of the number of their employees and the amount of compensation. The *Bulletin* also includes the reports of the free employment offices, and statistics on the volume of building in the principal cities of the state. Professor F. S. Deibler, head of the department of economics of Northwestern University, Evanston, Illinois, is the chairman of the Board, and Reuben D. Cahn, a graduate student at Northwestern, is the statistician in charge.

The Bureau of the Census, Washington, announces a new series of census publications, designed to interpret in somewhat popular form some of the most important subjects covered by census inquiries. Census monograph no. 1 is entitled *Increase of Population in the United States, 1910-1920*, by William S. Rossiter (price \$1). This is printed in convenient octavo form. "The volume is written in non-technical fashion, and although containing many short text tables and some detailed tables, the former do not impair the movement of the narrative, and the latter are massed at the end of the volume."

The National Bureau of Economic Research announces two additions to the staff, Dr. Leo Wolman, lecturer at the New School for Social Research, and Mr. Willard Thorpe, recently instructor at Amherst College. Mr. Thorpe will have charge of the compilation of economic statistics for a treatise which Dr. W. C. Mitchell is planning to supplement the volume on *Business Cycles* published some ten years ago. Dr. Oswald W. Knauth, who retires from the research staff to accept a position with R. H. Macy & Company, of New York, will, however, continue to serve as recording secretary of the Institute.

J. B. Lippincott & Company, Philadelphia, are publishing for the National Society of Vocational Education a new journal entitled *Vocational Education Magazine* (monthly; \$3 per annum).

Recent announcement has been made of the publication of the *Farm Loan Monthly* (Ashville, N. Y.; monthly; \$2 per annum).

The Nevada Public Economy League (Reno National Bank Bldg., Reno, Nev.) has begun the publication of the *Nevada Tax Review*, the first issue of which appeared in December, 1922.

The first issue of *The National Income Tax Magazine* (January, 1923) is announced by the Commerce Clearing House (20 East Jackson Blvd., Chicago).

In *The Johns Hopkins Alumni Magazine* for March, 1923, is an article by W. O. Weyforth on "The school of business economics."

Several of the papers read at the annual meeting of the American Farm

Economic Association in Chicago last December are reprinted in the January number of the *Journal of Farm Economics*, the quarterly publication of the association. The following are of interest from a marketing point of view: "The farmers' influence over prices," by B. H. Hibbard, of the University of Wisconsin; "Controlling agricultural output," by H. A. Wallace; and "The use of crop reports by farmers," by L. M. Estabrook, of the Federal Bureau of Agricultural Economics.

The Annals of the American Academy of Political and Social Science for May, 1923, contain in the supplement "Memorial addresses on the life and services of Simon N. Patten." The addresses were made by L. S. Rowe, Henry R. Seager, J. P. Lichtenberger, Lightner Witmer, E. P. Cheyney, R. C. McCrea, and S. M. Lindsay. These are followed by a bibliography of the works of Professor Patten, prepared by R. G. Tugwell.

The International Institute of Agriculture has begun the publication of a new series entitled *International Review of the Science and Practice of Agriculture*. The first number is dated January-March, 1923 (Rome).

Professor J. St. Lewinski, of Warsaw, has recently sent to the REVIEW "Materjaly do Biblijografji Ekonomicznej w Jezyku Polskim." This is the first part of a bibliography of economic works published in Polish, and was compiled under the direction of Professor L. Krzywickiego. It contains 658 titles of books and articles on theoretical problems, history of economic doctrines, and textbooks published from the end of the eighteenth century to 1923. Succeeding issues will deal with the agrarian question, coöperation, etc.

The Polish Economic and Statistical Society has begun the publication of a quarterly entitled *Ekonomista* (Warsaw, Zasna 19).

The economists of the German universities and other scientific institutions have organized a coöperative association for the purpose of publishing a series of socio-economic studies. This series will represent over twenty similar separate series published in Germany before the war. The series will be known as "Sozialwissenschaftliche Forschungen," published by the Sozialwissenschaftlichen Arbeitsgemeinschaft (Walter de Gruyter & Co., Berlin W 10, Genthiner Strasse 38). Five studies have thus far appeared: Abteilung III, Heft 1, *Die Arbeitsleistung im deutschen Kalibergbau unter besonderer Berücksichtigung des hannoverschen Kalibergbaues*, by Wilhelm Röpke; Heft 2, *Der Soziallohn und seine wirtschaftliche Bedeutung*, by Gerhard Braun; Heft 3, *Motive der internationalen Sozialpolitik. Untersuchungen über ihr Entwicklung*, by Wilhelm Häfner. Abteilung IV, Heft 1, *Das amerikanische Schifffahrtsproblem unter besonderer Berücksichtigung der Entwicklung von Schifffahrt und Schiffbau durch den Weltkrieg und die Tätigkeit des "U. S. A. Shipping Board,"* by Fritz von Twardowski; Heft 2, *Einfluss des Weltkrieges auf Schifffahrt und Handel in der Ostsee*, by Rudolph Firle.

The Institute of International Education (319 West 117th St., New York City) has prepared a *Guide Book for American Students in the British Isles*.

This gives some information in regard to facilities for graduate and professional study in English universities.

The International Labor Office of the League of Nations, Geneva, has prepared a useful catalogue listing the various volumes which have been issued up to date, together with agents for the publications.

The National Education Association (1201 Sixteenth St., N. W., Washington) in its initial issue of the *Research Bulletin*, January, 1923, has an article on "Wealth, educational expenditures and productivity," with a brief bibliography on educational finance.

John Wiley & Sons announce that the price of *Principles of Human Geography*, by Huntington and Cushing, which was reviewed in the March number of the REVIEW, has been reduced from \$3.50 to \$3.00.

The Pollak Foundation for Economic Research (Newton, Mass.) announces for early publication *Costs and Profits, Their Relation to Business Cycles*, by H. B. Hastings; *Unemployment and Business Cycles*, by W. A. Berridge; and *Bank Credit and Business Cycles*, by O. M. W. Sprague.

The monographs prepared by the Institute for Government Research, of Washington, D. C., formerly published by D. Appleton & Company, have now been taken over by the Johns Hopkins Press, of Baltimore.

The Gregg Publishing Company (New York) has recently published a pamphlet entitled *The Commercial Program of Studies for High Schools*, by Arnon W. Welch (20c.).

Appointments and Resignations

Professor E. E. Agger, of Columbia University, sailed for Europe the last of April on a holiday trip.

Miss Leila R. Albright, of the department of economics and sociology of Wellesley College, has resigned to return to her home in Detroit.

Dr. O. E. Baker, of the United States Department of Agriculture, will be acting professor of agricultural geography at Clark University during 1923-1924.

Dr. Harry Elmer Barnes, who has been professor of the history of thought and culture at Clark University for several years, has accepted appointment as a member of the staff in the department of economics and sociology at Smith College. He will give courses in the sociology division.

Professor Spurgeon Bell, dean of the School of Business Administration, University of Texas, will teach in the summer session of the University of Washington, Seattle.

Mr. J. A. Bergen, formerly instructor in marketing and economic history at Boston University, College of Business Administration, has accepted a position as special investigator with the United States Tariff Commission.

Professor Ezra Bowen, head of the department of economics at Lafayette College, will spend the summer in Germany studying more particularly the effects of currency and bank credit inflation and the possibilities of deflation.

Mr. J. Ray Cable, associate professor of economics in the School of Public and Private Business in the University of Oklahoma, has been appointed head of the department of banking and finance in the School of Commerce and Finance of Washington University, St. Louis, Mo.

Professor Frank T. Carlton, of DePauw University, will offer courses in labor problems and in the principles of economics in Columbia University during the summer of 1923.

Dr. W. W. Cumberland, who for the past year has been acting as financial commissioner and superintendent general of customs for the government of Peru, has been appointed governor of the Banco de Reserva del Peru, an institution modeled after the federal reserve system and performing similar functions.

Mr. Winthrop M. Daniels, for many years a member of the Interstate Commerce Commission, has been appointed to the newly established chair of transportation in Yale University.

Professor Davis R. Dewey, head of the department of economics and statistics at Massachusetts Institute of Technology, will give two courses at the University of California during the summer session.

Professor Frank Haigh Dixon, of the department of economics and social institutions of Princeton University, is to give two courses in transportation in the summer session of the University of California.

Mr. A. L. Faubel has been selected as one of the associate economists of the United States Tariff Commission.

Mr. A. Manuel Fox has been selected as one of the associate economists of the United States Tariff Commission.

Mr. E. S. Furniss, associate professor of political economy at Yale University, has been appointed to organize the work in political science at Yale, with the title of associate professor of political science. He will, however, continue to teach his courses in socialism and the labor problem.

Mr. E. Stanley Grant has resigned his instructorship in accounting at Lafayette College.

Mr. Charles Adams Gulick, Jr., is to be an instructor in economics at Columbia College during 1923-24.

Miss Margaret L. Goldsmith, formerly research assistant in the office of the commercial attaché of the American Embassy in Berlin, has been appointed assistant trade commissioner.

Professor C. O. Hardy, of the University of Iowa, will teach in the summer session of the University of Chicago.

Mr. M. S. Handman, professor of sociology in the University of Texas, will spend part of the summer in Mexico.

Mr. Hudson B. Hastings, who has been investigating business and economic questions under the Pollak Foundation for Economic Research, Newton, Mass., has been selected to take charge of the course in administrative engineering in the Sheffield Scientific School, Yale University, with the rank of professor.

Mr. A. Ford Hinrichs is to be an instructor in Columbia College during 1923-1924.

Mr. Stanley Edwin Howard has been promoted from the position of assistant professor to that of associate professor in Princeton University.

Professor Paul W. Ivey, of the University of Nebraska, has been granted indeterminate leave of absence, and is now giving his full time to lecturing on salesmanship.

Mr. J. Hugh Jackson, of Price, Waterhouse and Company, will offer courses during the summer session in the University of Chicago.

Mr. Clarence F. Jones comes to Clark University in the autumn as assistant professor of economic geography.

Dr. C. Kuczynski is expected to give two courses during the first term of the summer session of the University of Chicago, on economic conditions and financial problems of Europe.

Mr. Ferris F. Laune has been appointed secretary of the philanthropic department of the Wieboldt Foundation, University of Nebraska.

Professor J. E. Le Rossignol, of the University of Nebraska, has been made acting professor of economics for the summer quarter of 1923 at Stanford University.

Mr. Rankin McBryde will be an instructor in economics at Wellesley College during 1923-1924.

Mr. C. W. Mixter is to be one of the associate economists of the United States Tariff Commission.

Dr. Homer Morris, head of the department of economics at Earlham College, has been given leave of absence in order to act as a member of a Friend's relief commission to Germany.

Dr. J. F. Neirmeyer, rector magnificus of the University of Utrecht, Holland, will be at Clark University, during 1923-1924, as visiting professor in economic geography.

Mr. Redvers Opie will be an instructor in economics at Wellesley College during 1923-1924.

Professor Maurice Parmelee, who has been making economic investigations in Europe for the Department of State since 1920, having resigned his position as United States Economist Consul at Berlin, returned to America in April.

Professor Chester A. Phillips, of Iowa State University, will give courses in the summer session of the University of California.

Mr. Harry W. Pike, instructor in accounting in the University of Nebraska, has been appointed assistant secretary of the Lincoln Traction Company.

Professor H. L. Reed, of Washington University, will teach at the University of Chicago during the summer session.

Professor Maurice H. Robinson, of the University of Illinois, will teach in the summer session of the University of California.

Miss Marian Rubins is to be an instructor in economics at Smith College during 1923-1924.

Professor C. O. Ruggles, of Ohio State University, gave special lectures on transportation and public utilities at the University of Illinois during the second week in April and at the University of Iowa during the third week in April.

Professor Edwin R. A. Seligman, of Columbia University, is spending the spring at Geneva, working with a committee of the League of Nations.

Mr. Lawrence Smith will be an instructor in economics at Wellesley College during 1923-1924.

Professor W. M. W. Splawn, of the University of Texas, has been appointed to the Railroad Commission of Texas by Governor Neff. He has been granted leave of absence by the University.

Professor G. W. Stocking, now at the University of Vermont, will be with the National Industrial Conference Board next winter to do research.

Mr. G. R. Taylor has been taking the place of Dr. Homer Morris at Earlham College in the department of economics during the spring.

Mr. Charles Sanford Tippetts has been appointed instructor in economics and social institutions in Princeton University.

Professor J. R. Turner, of the Washington Square College, New York University, has been appointed chief economist to the United States Tariff Commission.

Miss Jean Walker has been taking Miss Albright's place in the department of economics and sociology at Wellesley College during the spring.

Professor A. B. Wolfe, of the University of Texas, will teach two courses in economic theory in the summer session of the University of California.

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STATE BANK WITHDRAWALS FROM THE FEDERAL RESERVE SYSTEM

Since May, 1919, approximately 60 state banks have withdrawn from the federal reserve system. Great significance has been attached to these withdrawals by certain writers. Some regard them as an indication of general dissatisfaction with the management of the federal reserve system.¹ It is the purpose of the writer to pass in review the reasons for these withdrawals and to attempt to answer the question which has been raised as to what they signify.

The Federal Reserve act as originally passed made no provision whereby state bank members could withdraw. This was one of the reasons why only 17 state banks had taken out membership by May 1, 1915.² The Federal Reserve Board realized from the beginning that some provision for withdrawal would have to be made, if the reluctance of state banks to join was to be overcome. When, therefore, the Board issued its regulations governing membership of state banks, June 7, 1915, it stated that withdrawal upon twelve months written notice would be permitted, but that no more than 10 per cent of the capital stock of any federal reserve bank should be canceled for this reason in any one year.³ This provision, however, was not of permanent enough character to satisfy the state banks. They were afraid that a change in the membership of the Federal Reserve Board might result in a change in the regulation permitting withdrawal. The Board tried to quiet such fears by stating in its regulations that no amendment to the section of the regulations dealing with state bank with-

¹See articles by Professor H. Parker Willis in the *Annual Financial and Business Review*, part I, page 2, of the *New York Evening Post* for December 30, 1922, and in the *Analyst* for January 8, 1923, page 49. Professor Willis wrote in the *Analyst*, "Retirements from the system are increasing in number, even though they have not reached a very high level thus far. There would be no reason why at any moment that such a movement chose to start very considerable withdrawals might not take place." In the *New York Evening Post* he wrote, "There is undoubtedly a growing feeling of dissatisfaction with the federal reserve system. This is seen in moderate withdrawal of members and failure to expand membership further, but it is more evident in the dissatisfaction which has led to efforts to break down the par collection system and is likely to lead eventually to a demand on the part of country banks for legislation looking in that same direction."

²*Federal Reserve Bulletin*, May 1, 1915, p. 29.

³*Fed. Res. Bull.*, July 1, 1915, pp. 146-8.

drawals would go into effect until six months after the announcement of the amendment by the Board. Even this did not allay the apprehension of the state banks. This particular objection to membership was not completely removed until the amendments of June 21, 1917, to the Federal Reserve act definitely enacted into law the permission to withdraw.

Up to the time of the enactment of these amendments (June 21, 1917) only 53 state banks had become members of the system.⁴ By the end of 1917, partly as a result of this change in the law, partly because of an amendment permitting state banks upon joining to retain their full charter and statutory rights under state law, partly because of the desire of state bankers to insure safety for their banks during the war, and partly as a result of the appeal of President Wilson on October 13, 1917, in which he made membership a test of patriotism during the war,⁵ the number of state bank members increased to 250. The end of 1918 saw an enrollment of 930. An increasing demand for credit accommodation caused the movement to continue. On December 31, 1919, there were 1181 state bank members. In the next year 300 more were added, and 1921 brought the total to 1614. The past year has seen a very small increase, 1651 being listed as members on December 31, 1922. February of 1923 has brought a decrease to 1643. The state bank members control approximately one third of the capital, surplus, and resources of the system.⁶

A decline in state bank membership may occur through other reasons than withdrawal of member banks. These reasons are liquidations, failures, consolidations with other member banks, or conversion into national banks. It is interesting to note how many changes have resulted from these causes. Voluntary liquidations, since May, 1919, have been 55 in number, 23 of these occurring in 1921, and 17 in 1922. In addition, 21 state bank members have been closed since the middle of 1921 because of unsound condition. As a result of consolidations and absorption by other banks since April, 1919, 63 members and 6

⁴*Fifth Annual Report of the Federal Reserve Board*, 1918, p. 25.

⁵*Fed. Res. Bull.*, Nov. 1, 1917, pp. 827-8.

⁶The latest available figures published by the Federal Reserve Board give on June 30, 1922, a total of 30,325 banks of all kinds in the United States with capital and surplus of approximately \$5,600,000,000 and resources of approximately \$50,150,000,000. Of this number, 9892 were members of the federal reserve system with capital and surplus of approximately \$3,500,000,000 and resources of approximately \$31,725,000,000. Of the members, 8244 were national banks and 1648 were state banks. The state banks controlled about one third of the capital, surplus, and resources of the system. There were on this date 9678 eligible state banks that had not joined. They had a capital and surplus of approximately \$1,209,000,000 and resources of approximately \$8,985,000,000. The Federal Reserve Board estimates that 78 per cent of the resources of all eligible banks, and 68 per cent of the total banking resources of the country are included in the system. (*Ninth Annual Report of the Federal Reserve Board*, 1922, p. 29.)

non-members emerged as 29 members and 3 non-members. Since May, 1919, 61 state bank members have converted into national banks, and 10 state bank members have consolidated with national banks. These causes then, as apart from withdrawals, have been responsible for a decrease of 181 in state bank membership.⁷ Consequently a steady flow of state banks into the system is necessary if the numerical membership is to be maintained.

Since the middle of 1919, state bank withdrawals from the system have proceeded with a fair degree of regularity. The first bank to withdraw was the First Guaranty State Bank of Pittsburg, Texas, which retired January 18, 1917. The next withdrawal did not take place until the middle of 1919. Eleven banks severed membership during that year. The same number retired in 1920. Nineteen withdrew in 1921, and 13 in 1922. So far, in 1923, three have withdrawn, making a total of 58, with resources of approximately \$69,000,000. Of the withdrawing banks, 35 had a capital of only \$50,000 or less, 12 had a capital of more than \$50,000 but not more than \$100,000, seven had a capital of more than \$100,000 but not more than \$200,000, and only three had a capital of more than \$200,000.⁸ The effect upon the resources of the system has been practically insignificant, causing a decline of only .0021 per cent. The largest state bank yet to withdraw is the Midwest Reserve Trust Company of Kansas City, Missouri, with a capital of \$2,000,000, surplus of \$215,000, and resources of \$15,209,000. A great deal has been made of the fact that the Irving National Bank of New York City has given up its national charter, but this bank has consolidated with the Columbia Trust Company, which retains its membership in the federal reserve system.

The geographical distribution of the withdrawing banks is interesting. The list is as follows:⁹

- 1917. Texas 1.
- 1919. Kentucky 2, Alabama 2, Louisiana 2, Iowa 2, Michigan 1, Indiana 1, Florida 1. Total 11.
- 1920. Illinois 4, New York 2, Wisconsin 2, Connecticut 1, Minnesota 1, Indiana 1. Total 11.
- 1921. Nebraska 7, Oklahoma 4, New York 2, Minnesota 1, Kansas 1, Kentucky 1, Virginia 1, Idaho 1, Utah 1. Total 19.
- 1922. The following thirteen states furnished one withdrawal each: Idaho, Kansas, Indiana, Virginia, Illinois, Missouri, North Dakota, Michigan, North Carolina, Tennessee, Minnesota, Wisconsin, and Ohio. Total 13.
- 1923. Louisiana 1, Oklahoma 1, Illinois 1.

⁷*Fed. Res. Bull.*, 1918-1923, *passim*.

⁸Figures on capital, surplus, and resources, taken from the annual reports of the Federal Reserve Board.

⁹*Fed. Res. Bull.*, 1917-23, *passim*.

Total withdrawals by states have been: Nebraska 7, Illinois 6, Oklahoma 5, New York 4, Louisiana 3, Wisconsin 3, Minnesota 3, Indiana 3, Kentucky 3, Iowa 2, Alabama 2, Michigan 2, Kansas 2, Virginia 2, Idaho 2. The following states have had only one withdrawal each: Florida, Texas, Connecticut, Utah, Missouri, North Carolina, Tennessee, Ohio, and North Dakota. Twenty-four states had no withdrawals.

The foregoing figures show most clearly that withdrawals have not been a new and sudden development of the last year or two. They also show that the rate at which state banks have been leaving the system has decreased somewhat since 1921. It will be noted that the geographical distribution of withdrawals has centered in the Middle West and South, the Atlantic and Pacific Coast states suffering very small losses.

With regard to the reasons for these withdrawals, it should be remembered that many of the banks which joined during 1917 and 1918 claimed that they were doing so because of patriotic reasons. Many of them expected to withdraw as soon as the emergency was over. Bearing this in mind it is surprising that the number of retirements has not been larger.

A number of the reasons given for withdrawal may now be considered:

1. Probably the reason most frequently met for giving up membership has been the loss of interest on the reserve balance which must be kept with the federal reserve bank. The first bank to withdraw, the First Guaranty State Bank of Pittsburg, Texas, believed that membership was too expensive because of this loss.¹⁰ The Exchange Bank of Kentucky, of Mount Sterling, Kentucky, is another example. In a letter to the Federal Reserve Bank of Cleveland on November 9, 1918, the cashier of this bank stated that his institution had come in for the period of the war only and expected to withdraw as soon as the war was over because of the loss of interest on its reserve.¹¹ It withdrew in June, 1919. The Potlatch State Bank of Potlatch, Idaho, is another bank which joined because of a "possible moral obligation" but found membership expensive because of this loss of interest, and withdrew early in 1921.¹² Many banks deal largely with farmers and were under severe pressure during the period of depression to save every penny, and so withdrew to prevent the loss of interest.

Doubt is sometimes expressed as to whether membership really involves any net loss. The claim is made that the amount of reserve

¹⁰*Fed. Res. Bull.*, May 1, 1917, p. 371.

¹¹*The Answer*. Letters from state bank members published by the Federal Reserve Bank of Cleveland, 1918. Letter No. 11.

¹²*State Bank Members. Their Experiences in the Twelfth Federal Reserve District*. Letter No. 29. Published by the Federal Reserve Bank of San Francisco, 1920.

that must now be kept is much smaller than under the state laws and that the services performed by the reserve banks offset any loss of interest that might occur. But while the majority of states do require a reserve averaging 15 per cent, very much more than is required for country and reserve city members of the federal reserve system, only from one third to two fifths of this amount need be kept in the bank's own vaults. The rest can usually be kept in other banks and draws interest at from 2 to 2½ per cent.² Interest is lost only on the part kept in the bank and from this it can supply its needs for till money. But members of the federal reserve system must keep with the federal reserve bank all of the required 7, 10, or 13 per cent reserve against demand deposits and 3 per cent against time deposits, in addition to what it is necessary to keep in their own possession as till money. Thus an actual loss may result. Many banks consider that this is offset by the services performed for them by the federal reserve banks. Many of them regard the loss as payment for insurance, and cheap insurance at that. But many member banks make little use of the facilities of the system, and claim that the protection given is charged for at too high a rate.

2. Another reason which is frequently given for withdrawal is the hostility which has been stirred up by the program for par collection of checks. This has had a most important effect upon the attitude of state banks toward the system all over the country. Thousands of these banks, before the attempt of the Federal Reserve Board to bring about universal par collection of checks, were accustomed to make a small deduction in remitting for those checks which had been drawn by their depositors and returned by distant banks to the bank drawn on for payment. Membership in the federal reserve system makes this charge impossible, as all member banks are compelled to remit at par. But par collection has also been forced on nearly all the non-member state banks. The federal reserve banks, by energetic measures, have brought it about that checks on 28,000 banks may now be collected at par through the federal reserve clearing system. The methods used to enforce par collection, such as presenting checks for payment over the counter of a recalcitrant bank, have aroused a storm of protest, from banks both in and out of the system, and a number of attempts have been made by non-member state banks in some sections of the country to enjoin the federal reserve banks from the presentation of checks over the counter. One such suit is now pending before the United States Supreme Court. Yet as the case stands now a bank would gain little by withdrawing from the system unless it meant to

²See tabulated list of state reserve requirements in the *Fed. Res. Bull.*, Oct. 1, 1917, pp. 768-95.

get off the par list as well, something that few non-member banks dare to do.

3. Several banks have withdrawn because easier money conditions have removed the necessity for borrowing from the federal reserve banks. A large number of state banks find that all of their needs can be taken care of by their correspondents. In fact many member banks have never borrowed from their federal reserve bank.

4. Again, some banks have withdrawn because of laws passed in their respective states for the guaranty of bank deposits. In certain states the public believed that banks were not safe unless they were members of the state guaranty system. Some banks felt that they could not afford to comply with such state laws and retain federal reserve membership also. The variety of reasons for withdrawing is indicated by the fact that one bank withdrew because of indignation over the granting of a national bank charter in the same town.

5. It has been asserted that some banks have withdrawn because of dissatisfaction with recent appointments to the Federal Reserve Board. This may be true. On the other hand Governor Harding had become most unpopular with a large number of banks because of his splendid and courageous fight in behalf of par collection. Although the failure to reappoint Governor Harding is greatly to be regretted, it is true that a large number of state banks believe that in his successor they will find a more lenient attitude toward permitting exchange charges.

6. A reason for withdrawal which is frequently overlooked is that certain of the state bank members have been made to understand that their membership is no longer desired because of their unsound condition. An example of this kind is the Bank of Goltry, Goltry, Oklahoma, which was closed, after it had withdrawn, by the state banking officials.¹⁴ The number of such cases is probably larger than the public realizes. As the Comptroller of the Currency reported 330 state bank failures in the year ending June 30, 1921,¹⁵ and as 21 state bank members have been forced to close their doors, this explanation of withdrawals is seen to be of considerable weight.

Any generalization as to the cause of the withdrawals is difficult to make. The reasons most frequently given are the loss of interest on reserve balances and the absence of need for resorting to the federal reserve banks for assistance. In many cases withdrawal has been caused by a combination of a number of the foregoing reasons, and some apparent withdrawals were practically forced retirements. Withdrawal because of the loss of interest shows dissatisfaction with a provision of the law, while withdrawal because of objection to par

¹⁴*Eighth Annual Report of the Federal Reserve Board, 1921*, p. 641.

¹⁵*Report of the Comptroller of the Currency for 1921*, p. 771.

collection shows dissatisfaction both with the law and with the management of the system. The fact that there are objections to these provisions of the law is hardly a reason for changing the law, merely to permit the payment of interest on reserve balances and to allow banks to make exchange charges. It is generally recognized that it is not in accord with sound banking principles to pay interest on reserve balances, and the advantages of par collection of checks are so great that it would be highly regrettable to return to the practice of permitting exchange charges.

One fact which shows that dissatisfaction may not be so widespread as many believe is that during the same time that 58 state banks have withdrawn from the system, 61 other state bank members have attached themselves even more firmly to the system by becoming national banks. National banks cannot withdraw without giving up their national charters. Of the 61 state banks which have converted into national banks since May, 1919, 10 did so in 1919, 10 in 1920, 13 in 1921, 22 in 1922, and 6 so far in 1923. In addition, since November, 1918, 10 state bank members have consolidated with national banks. While 1923 has seen a decrease in state bank membership to 1643, only 3 of these banks withdrew; the others consolidated, liquidated, or were converted into national banks.

Instead of the number of withdrawals causing surprise, it seems more properly a matter for surprise that more have not withdrawn. Non-members may secure practically all of the advantages of membership through their correspondents who are members, for non-members may now have member banks act as agents for them in rediscounting paper with the federal reserve banks. While the rate at which state banks have been joining the system has decreased considerably, only four or five now entering each month, it should be emphasized that for months the federal reserve banks have made little or no campaign to encourage enrollment, that a large number of banks have been discouraged from applying because of their financial condition, that some applications have been rejected, and that credit conditions have been remarkably easy. It may be added that membership is not likely to show a large increase so long as non-members may share as widely in the benefits as they do at present without sharing in the responsibility which membership entails.

The question is frequently asked whether the membership of a much larger number of state banks is essential to the accomplishment of the main purposes of the federal reserve system. There are those who say that such an increase is not desirable because the system may become too unwieldy, that it is better to restrict membership to a small number of carefully selected banks in sound financial condition. Opposed to this view is a widely held opinion that ideal functioning of the

system can be attained only by inducing every eligible bank in sound condition to enter.

Both of these views seem to be rather extreme. It is difficult to believe that among the approximately 10,000 eligible non-members there are not several thousand whose membership is desirable in order to secure a greater uniformity of control. The success of the federal reserve system may not absolutely depend upon having all the banks in the country in it, but it is hard to see how such defects of the old system as decentralization of control and lack of power to mobilize reserves can be completely eradicated while so many banks remain outside the system. Non-member banks may obtain aid indirectly through their correspondents who are members, but so long as they remain outside they do not have direct access to the main reservoir of credit in case of emergency. Comparative figures of failures among member and non-member banks reveal that in this group of non-member banks lies the weakest spot in our banking system today.

On the other hand, it is fairly clear that it would not be advisable to include all banks in the federal reserve system. With respect to banks doing primarily a commercial business upon sound principles there is little or no difference of opinion. They should be members. With regard to banks doing primarily an investment business, membership is *not* generally believed to be necessary or advisable, unless such banks for the purposes of their own safety wish to carry among their investments a supply of self-liquidating commercial paper eligible for rediscount at the federal reserve bank. Mutual savings banks are not eligible, since they have no capital stock. Many persons, however, believe that it would be beneficial to permit mutual savings banks to become associate members upon subscribing a certain percentage of their surplus—encouraging them, changing the state law where necessary, to carry a supply of short-time commercial paper eligible for rediscount.

It is with regard to the small country banks dealing largely with farmers and stockmen that the main doubt arises. Where these banks do a considerable commercial business or deal in short-time agricultural paper, there seems to be no valid reason why they should not join. Even if they engage primarily in granting long-time agricultural credits, but at the same time carry among their investments a fair proportion of short-time paper of the eligible variety, it is probably desirable to include them in the federal reserve system. But where these banks deal almost entirely in agricultural paper of far-distant maturity it is difficult to see how membership can be beneficial to these banks or improve the functioning of the federal reserve system. The federal reserve system is primarily a commercial banking system and in such a system liquidity of assets is essential. The recent ex-

perience of the system with "frozen credit" should be convincing on that point.

Nevertheless, certain organizations have urged the small country banks to apply for membership. Mr. Gray Silver of the American Farm Bureau Federation, testified before the Joint Commission of Agricultural Inquiry that one reason why the farmers had not been able to secure more credit during 1920 and 1921 was because there were so few country banks in the federal reserve system. On that account, said Mr. Silver, the organization which he represented was urging these banks to join.¹⁸ Mr. Silver assumes that the farmers needed additional credit of the kind which the federal reserve banks could furnish. But there is evidence to the effect that it would have been better for the farmer had he received less credit during this period.

The report of the Joint Commission of Agricultural Inquiry also asserts that the fact that so many banks remain outside of the federal reserve system is a very serious defect in our banking system.¹⁹ Mr. Eugene Meyer, Jr., managing director of the War Finance Corporation, stated recently before the House Committee on Currency and Banking that the federal reserve system had not developed as Congress had hoped, inasmuch as it had been the intent of that body to bring all eligible banks in. So long as so many banks remain outside, said Mr. Meyer, agricultural communities are denied the benefit of the federal reserve system.²⁰ Again, it may be answered, that what the farmers wanted was credit for a longer period than the six-months limit established for paper eligible for rediscount at the federal reserve banks.

That the relation of country banks to the federal reserve system is exciting considerable interest is further evidenced by the fact that the Rural Credits act, approved March 4, 1923, provides for the creation of a joint congressional committee to investigate the effect upon agricultural sections of having so many non-member banks. This commission is also directed to investigate the reasons why so many banks in agricultural sections have not entered the system.²¹ This bill, in an attempt to encourage additions to membership, amends the

¹⁸Hearings before the Joint Commission of Agricultural Inquiry, part 6, pp. 53-54 (Washington, Gov. Prtg. Office, 1921).

¹⁹*Report of the Joint Commission of Agricultural Inquiry*, part II, *Credit*, ch. 7, p. 146 (Washington, Gov. Prtg. Office, 1922).

²⁰Hearings before the House Committee on Currency and Banking on Bills S. 4280 (H. R. 13033), *Statement of Mr. Eugene Meyer, Jr.*, Jan. 31, 1923, pp. 42-43, 54-56 (Washington, Gov. Prtg. Office, 1923).

²¹An act to provide additional credit facilities for the agricultural and live stock interests of the United States, to amend the Federal Farm Loan act; to amend the Federal Reserve act and for other purposes. Public no. 503, 67th Cong., Title V, sec. 506.

Federal Reserve act to permit state banks with a capital of at least 60 per cent of that required of national banks in that locality to join under rules and regulations laid down by the Federal Reserve Board, provided that they agree to increase their capital to that required for national banks within a period set by the Federal Reserve Board.²⁰ This provision will probably not encourage a large increase in membership. Of the 1614 state bank members on December 31, 1921, only 285 had a capital as small as \$25,000, the minimum allowed for a national charter. An attempt to force eligible non-members to join the system is seen in the provision of this act that no federal reserve bank may rediscount for a federal intermediate credit bank paper bearing the indorsement of any non-member bank or trust company eligible for membership in the federal reserve system.²¹

Another attempt to make membership more attractive for country banks is found in that provision of the Rural Credits act extending the limit of maturity for agricultural paper eligible for rediscount at the federal reserve bank from six months to nine.²² This is to be regretted. While six months is too short a time for much of the agricultural paper, from the farmer's point of view, the remedy for this situation does not lie in permitting the federal reserve banks to rediscount paper of long maturity. The federal intermediate credit banks were created under the Rural Credits act for the purpose of taking care of such credit needs. Whether or not these federal intermediate credit banks and the federal farm loan system will be sufficient now to care for the needs of the farmer and the stockmen remains to be seen. But changes in the Federal Reserve act lengthening the time of maturity of agricultural paper eligible for rediscount are certainly not to be encouraged. The adherence of country banks to the federal reserve system is not worth the payment of that price.

CHARLES SANFORD TIPPETTS.

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²⁰*Ibid.*, title IV, sec. 401.

²¹*Ibid.*

²²*Ibid.*, sec. 404.

NOTE.—The *Federal Reserve Bulletins* for April, May, and June, 1923, report 10 additional withdrawals, bringing the total to 68. State bank membership on May 31 was 1645. Other additional figures for those months are: converted into national banks 7; absorbed by national banks 3; closed 7; consolidated 12, resulting in 6. The United States Supreme Court in June decided the par collection case in favor of the Atlanta federal reserve bank. Also in June the Federal Reserve Board withdrew from member banks the right to act as agents for non-members in securing rediscounts at federal reserve banks, except by special permission.

C. S. T.

THE MINIMUM WAGE AND EFFICIENCY¹

Freedom is not a clay eagle perched on a staff; it is the margin men have between their income and the amount necessary to support their families and make it possible for them to be good citizens. Good living and good citizenship depend in important part on real wages. Counterfeit wages won't support either one; a real wage will support both.

Every industry is under obligation to pay a real wage. This requires considerably more money now than it did in 1914. But being accustomed to think of wages in terms of dollars, we think that wages are much larger now than they were then just because we pay more dollars. If we should establish a minimum wage of \$14 for out-of-town stores, we should have a chorus of protests. The reason is that the proprietors would look only at the \$14 wage, and would not see that it is better that they be forced to do a business that can afford to pay a \$14 wage than just barely to scrape along as most of them are now doing. Under present conditions they are threatened with extinction. One of the ways for any one of the proprietors to lessen his chances of being forced out is to make his business more efficient. One of the ways of increasing efficiency is to pay wages that will command a high enough grade of employee to make it unnecessary for the proprietor to put in most of his time directing and correcting errors of inefficient, underpaid people.

It would be short-sighted policy to allow business to be handled in such a way that what we pride ourselves on calling the American standard of living would be reduced. But high wages cannot be maintained unless we have a minimum wage law. In order to have a standard of wage high enough to give us a good consuming public, it is necessary that there shall be a limit fixed by an authority outside of the personal decision of the individual employer as to what the lowest wage shall be. There are several reasons for this:

1. Wages naturally tend to go down toward the standard set by the meanest and most short-sighted employers. It may as well be said that inability to pay a living wage is not always the reason why such a wage is refused. There are greedy employers as well as greedy employees—men who for the sake of profit want to squeeze the last penny from their help. The state has a right to step in, in such cases, and fix a limit beyond which cupidity shall not go, especially in dealing with inexperienced women and children.

2. Competition forces the wage scale downward. The very fact

¹This article, at greater length, was originally printed in the *American Cloak and Suit Review* for March, 1923, under the title "No Store Efficiency without Fair Wages."

that men appear before the Massachusetts State Commission to ask an abolition of the minimum wage law confirms this. During the next few years we shall have the greatest competition we have ever had in this country, because our producing power is far in excess of what our people are going to use, or can use.

It is argued that a mandatory minimum wage law in any state would drive out certain lines of business. I would answer that it is better for any business or any industry not able to pay the minimum wage to leave the state. Granting that neither greed nor inefficient management has anything to do with the inability to pay more, we ought to consider carefully whether such industries, even though established in the state, should not be discontinued and transferred to communities which have better natural facilities for carrying them on with efficiency and profit. Any business that cannot pay a living wage—a wage that will produce profitable consumers—is not good for the state and has no place in it. By not paying its employees an adequate wage, it forces them to be supported, at least in part, by their relatives, friends, or by the public. The charges which the public bears on their account must be added to the cost of living, and go finally into the cost of the products of the better managed businesses, making it more difficult for them to compete with the products of businesses situated in states where underpayment is not allowed. This is a thing I want emphatically to maintain.

The minimum wage is ordinarily looked on as benefiting working people only. I contend that it is a boon to the employer as well as to the employee. Low wages make cheap standards in employers and cheap standards in employers result in inefficient employees. The average employer has to use a very large part of his time and energy in trying to keep things running smoothly between his executives and employees. This is not due to any viciousness of the employees, but merely to the fact that they are an underpaid and discontented group of people. A working girl worried about paying for her clothing and lodging isn't going to be either happy or ambitious. You cannot get effective organization out of people who are unintelligent, and people cannot be really intelligent who have not enough to live on properly. Where the hard pressure of mere living—obtaining food, clothing and shelter—ends, the possibility of intelligent action begins—intelligent study, comprehension of the fundamentals of the business, appreciation and enjoyment of the work that is to be done, cooperative and effective organization of the group in carrying on the business. The better the wages, the better off are we in the management, other things being equal.

A \$14 minimum wage moreover forces us to get \$14 worth of work out of an employee. If the state fixes the minimum wage at a proper

level, it helps me as well as my employees. It helps me first by making sure that somebody isn't going to undersell me at the expense of his employees. It also prevents me as an employer from having a body of employees who, because they are not paid decent wages, are incapable of being consumers for my business. In the third place, it helps me by forcing me to help every employee to earn at least \$14. Two \$7-a-week people are nowhere near the business asset that one \$14 person is. If I have two \$7 people turning out a piece of work by their combined effort, I do not feel compelled from the standpoint of profit to take an interest in them. I am busy, and so long as I get reasonably good \$7 results I am not forced to take enough interest in them to educate them to be worth \$14 apiece. If, however, you make me pay \$14 to one person, then I am going to teach him to be efficient enough to earn \$14. In our store we find it pays to have classes and to try in every way to make our employees capable of earning a high wage.

Furthermore, a minimum wage law forces us to interest ourselves in community affairs—in the public schools, to see that they do a job as nearly right as possible in educating those who will become our employees so that they can make the \$14 wage profitable to us. Also in the street car service, to see that our employees are not left standing in the rain and get colds that incapacitate them; in housing, to see that the speculators do not make the rents too high. In short, we feel that our responsibility toward our employees is definitely increased and try to help them to become more efficient and in many respects we feel that we succeed. One feels greater responsibility for an important expense than for an unimportant one.

This effort to obtain all-round efficiency in our business and in our communities will mean an all-round gain because it will result in a leveling upward of the standards of health, education, and the general intelligence of the citizens of our state. When wages are paid that remove worry, that allow the building up of physical and mental energy by proper food and housing, and the increase of comfort and self-respect by the purchase of proper clothing and similar necessities, the chance is created for more intelligent action on the part of employees, for study and training that will fit them for good work and for greater efficiency in the jobs at which they are employed.

Even if the minimum wage should force the discharge of a certain number of people, it is better that it should be so. That isn't a bit heartless. If we should, as a result of the law, find a large number of people who cannot earn a living wage, the state will have to get on to its job. And we citizens will have to get on to our jobs. No member of the Massachusetts Commission on Unemployment and the Minimum Wage would seriously maintain, for instance, that if the paying of a

living wage made it impossible to employ blind people, that result would constitute a reason for making the minimum wage so low that blind people might be employed. I think there is nothing better for the community, or for the nation, than to find out how many people are in it who cannot earn a living wage. For state and community will then be forced to take care of the incompetent, recognizing it as the fault of the public that they are so ignorant or untrained as not to be able to earn a mere living wage.

A real minimum wage means a leveling up in the whole housekeeping of the city, of the state, and of the nation. It means that we have got to set our scales right, that we have got to make the conditions in our cities and states such that people can get a living if they are willing to work. It means that we must give them sufficient training so that they can earn a living. I am convinced that the minimum wage is one of the big means toward public efficiency. A minimum wage properly fixed means a leveling up; a wage of \$5, or \$6, or \$8 means a leveling down. The low wage is therefore more costly for the state and nation, measured by all the higher and truer standards, and also measured by the actual final total cost in dollars, than is a living wage.

Finally, if we have to pay a living wage, it will help us to get away from the habit of thinking about lower wages as the only remedy for high cost of production. The big thing in business and industry that makes for high costs is waste—waste growing out of inefficient management and inefficient labor. We have not yet begun to appreciate that, much less to control it; because the easiest thing in the world, until the minimum wage came, was to cut down wages, or, at least, to attempt it. But our industrial waste is enormous, even in those businesses with a reputation for careful and efficient management.

In our store, we set down just two things as the ethics of our business; first, that we have no right to make money unless we serve the community; second, that the real service to the community is not something indefinite, but is the selling of goods cheaper and cheaper, provided they are made and sold under just and fair conditions. With that in mind, there is a spiritual as well as a business compulsion on us to cut expenses. But there never comes to us now the suggestion that we can lower our expenses by cutting salaries and wages. We know that this would be the most short-sighted way of approaching the problem.

To those who are against the minimum wage law, the easiest solution to their business problem seems to be to cut wages down. But they do not see what is really the big cost in business—waste, and devote themselves to getting rid of that. Mr. Hoover and his group of engineers have made a report on waste in industry compared with

which what I am saying here on the subject is very mild. When we are forced by the existence of a minimum wage to apply our corrective endeavors to the real source of high costs—waste—we shall be taking a real step forward.

In this connection, I will call attention to a result which cannot be ignored—to the man who has produced the best commodity for the price of its kind in the world, produced it in quantities never before dreamed of, and produced it so cheap that it can be sold in competition with the cheap labor of Europe—so cheap, indeed, that no country can make it to compete with him. I refer to Henry Ford. He has produced twelve hundred thousand automobiles a year—eight a minute—has financed his whole business from the profits, and has become the richest man in the world. And the minimum wage he pays is so high that if it were proposed in Massachusetts those who advocated it would be set down as crazy. Even at his high minimum wage he has been able to employ the lame, the crippled, and the blind of the community, not as a charity but at a profit. The statistics in his autobiography covering these facts are amazing. The demonstration of the possibility of the minimum wage speaks louder than my words, and I hope it may be borne in mind in any decision of the minimum wage question.

EDWARD A. FILENE.

FISHER'S "THE MAKING OF INDEX NUMBERS"

Professor Fisher has again enriched the field of quantitative economics by a work on index numbers¹ which must be of far-reaching importance. Through the searching examination which he has made, Professor Fisher has revealed, as perhaps no worker in this field before, the solid foundations upon which index numbers rest, and the unexpectedly high degree of accuracy obtainable, even through some of the simpler methods of construction. He has shown that their reliability is much beyond that, I think, which most workers in this field had imagined; and he has revealed the especial weaknesses which any particular method may possess. Coming at the present time, when index numbers have, by a curious turn of events, assumed such a widespread practical importance in our everyday life, this is a service of very great value.

The work is devoted almost entirely to methods of averaging and weighting; and more especially the former. In his introduction Professor Fisher recites twelve characteristics or "attributes" which index numbers possess, and adds: "Of these twelve attributes, I shall deal in detail with one only, namely, the formula." He describes first the six methods by which averages of a series of numbers, and especially of prices, may be obtained: namely, the arithmetic, harmonic, geometric, median, mode, and aggregative, in their simple forms. The first of these is the original type of index number and still used, for example, in the *Economist*, the *Statist* (Sauerbeck), and some other well-known series. Almost none of the others are used in their simple forms, save the simple aggregative, which is the Bradstreet index.

In almost all the newer series, and, indeed, some of the older, as in Jevons' pioneer work, it was recognized that any method of simple averaging may be subject to a certain error by giving so-called equal weight to each of the commodities included. Thus, the new index of the Bureau of Labor, both in its original and revised form, is a "weighted" aggregative; the new British Board of Trade, a weighted geometric; the Harvard Committee's index of basic production, the same, and so on. Of methods of weighting there are several: (1) by the values assigned in the base year or period of the index; (2) by the values of the given year or period which is to be compared with the base; and (3) a system of hybrid values in which, for example, the price of each commodity is multiplied by the quantity in the given year, or the price in the given year by its quantity in the base year.

The book then discusses the methods which have been proposed for testing the accuracy of any given series, and takes up the two tests which seem to Professor Fisher the most decisive. These are, first, the time reversal test, in which the computations are worked backwards

¹Irving Fisher, *The Making of Index Numbers*, Boston, Houghton Mifflin Company, for the Pollak Foundation (1922, price \$7.50).

and compared with the original; and, secondly, the factor reversal test, in which prices and quantities are interchanged. With these foundations laid, the book then proceeds to the experimental study of practically all the principal forms which could be devised from these six types of averages and different types of weighting.

What Professor Fisher has done is to take thirty-six standard commodities of wide distribution and large value, and submit these to an intensive study through the six years which have shown the greatest dispersion of prices of any period since our Civil War, namely, from 1913 to 1918, inclusive. Almost all index numbers, in times of narrow movement and slight dispersion, will show but slight divergence. It is in times of very wide movements and very great dispersion that the strength or weakness of a given form may be revealed, and its reliability tested. To this acid test he then, in turn, subjects the forty-six different primary formulas, which may be derived from the combination of the different methods of weighting and averaging, with the intent to obtain quantitative results.

From this experimental study Professor Fisher is able to identify what he calls the biased types of index numbers and to calculate the degree of bias which they may have under given conditions. Having attained this clear picture of the different types, he is enabled to go on to an extremely ingenious system of "rectifying" or correcting biased index numbers, showing that it is possible to take almost any method of averaging and, by a proper system of weighting, wholly to neutralize the skew. This part of the work, especially, is strikingly new.

Following this exhaustive examination, Professor Fisher deals, in two interesting chapters, with the question of what "simple" index number is best; and, secondly, what is the best or "ideal" index number of all. He discusses at length the so-called circular test, that is, the comparison of any pair of years in a series with themselves and with any other year, as well as with the base year. His conclusion is that, theoretically, the circular test ought not to be fulfilled by an ideal index number but that, for practical purposes, it is fulfilled by the best index numbers. The evidence is the "infinitesimal gap" disclosed in the actual results.

Finally, Professor Fisher takes up such practical matters as speed of computation, revealing, naturally, an enormous difference, ranging from one hour, for the simple aggregative, to as high as sixty-four hours for some of the more complicated formulas. Such questions as the commodities employed, the assortment of "samples," the basis of classification, the number of quotations, the probable error in the data, are briefly discussed with a final summary of findings as compared with those of a long line of his predecessors.

This brief outline gives but a slight idea of the actual labors of

computation which have contributed to make this book a landmark in the history of index numbers. To the writer the more interesting results may be summed up as follows:

(1) There is no "perfect" index number attainable. Every method of computation involves certain intrinsic difficulties, such as were so strongly insisted upon by N. G. Pierson, the Dutch economist. But for all practical purposes, in a well-constructed index, these difficulties are negligible.

(2) All methods of averaging may, by the simplest of methods, be rectified so as to approach in accuracy almost the highest attainable ideal.

(3) There is no need of using highly complicated formulas, save in a recondite examination, for the purpose of establishing a norm of accuracy.

(4) In Professor Fisher's judgment, there is no best formula "for different purposes." Other considerations than the accuracy of averaging must determine the choice of formula.

(5) "The real problem of accuracy is now shifted to the other features of an index number—the assortment of commodities included, their number and data."

In substance these conclusions confirm the more theoretical results arrived at by previous standard writers upon the subject—Walsh, Edgeworth, Mitchell and others. But where the others, save Mitchell and a few that might be named, have dealt largely with theory and little with experiment, the great merit of Fisher's work is that it is built upon a wide experimental examination that gives to these results a solidity which nothing else could.

But little examination has been made of the index numbers actually in use. This has been reserved for a proposed supplementary volume: and the writer cannot but believe that such a study would have modified some few of Professor Fisher's conclusions and his view of some of the simpler methods of calculation. The statement regarding one of these latter, the Statist index number, as being askew by some 31 to 36 per cent, depending on the base year chosen, turns out to have been due to an error of computation. It is the only glaring case of bias cited among actual index numbers.

The observation might be made that Professor Fisher carried out his entire investigation with a study of only thirty-six commodities; and while it is true that mere increase in number of items does not correspondingly decrease the probable error, a larger and wider assortment certainly does. Thus, as is noted below, the Bureau of Labor index, from 1890 to 1913, with ninety-two commodities, proved upon test to be practically as good a number as could have been constructed for that period. As a matter of fact, Professor Fisher's index numbers

for these thirty-six commodities, worked on Formula 53, the aggregative method, differ much more widely from the Bureau of Labor Statistics index, of between 300 and 400 items, averaged by the same method, than the old Bureau of Labor averages differ.

In other words, it is clear that, while the method of averaging may be of importance in an index with a small number of items, it grows less and less so with the number and variety of samplings. Therefore, it is quite possible that a larger list, of possibly greater variety, though it would have heavily increased the work of computation, might have yielded rather different results, not perhaps qualitative but rather quantitative, and of such a character as materially to modify some of the rather dogmatic views which Professor Fisher expresses.

This is especially true of the simple arithmetic average, unweighted and unrectified. The truth seems to be that even this friendless mongrel of index numbers may be, if only the assortment be large enough and varied enough and representative enough, as good an index as the best that can be made. Professor Fisher himself cites the significant work of Mitchell on the Aldrich Committee numbers in showing, that, even through the wide dispersion of the Civil War prices and the subsequent period, different systems of weighting affected the results relatively little. This could only have been due to the fact that the sampling must have been highly representative and sufficiently wide.

Again, we speak very loosely when we refer to the simple arithmetic as being of equal weighting, for, as Professor Macaulay and Mr. Flux have pointed out, there is an implied weighting even in simple averages of ratios, and this implied weighting may markedly affect the result, according as widely separated base years are chosen. For example, if, as was the fact, rubber could fall in ten years to one tenth of its previous price, obviously at the end of that ten years its relative weight in an average of ratios was one tenth of what it was at the beginning.

There is, moreover, a tendency always, in all prices, to a constant dispersion. Thus, as is well known, in the last fifty years food prices and forest products, lumber, etc., have been steadily rising relatively to the general level; and in the same period pig iron and many other products, like rubber, have been steadily falling; and it seems doubtful if any *a priori* method of weighting could be devised which could wholly neutralize the effect of this dispersion. Here, clearly, safety and accuracy lie in numbers and variety. Some plan of steadily changing weights might help very much, and this might not be very difficult, since we now have for over a half century, index figures of quantity production in almost all the leading lines of industry, and it is very easy to calculate the trend of these quantities (each and all have a strikingly characteristic and individual rate of growth), and also the

relative price trend. And this may give us more accurate or more nearly "ideal" index numbers than any yet devised.

It seems clear that the effect of bias may very easily be exaggerated. It was Professor Fisher himself who, in his address at Atlantic City, showed that simply by taking at random a column of newspaper price quotations, and setting these down without regard to the decimal place, so that all the left-hand integers were in the same column, a fairly satisfactory index would result. This is a variant of the simple or "unweighted" aggregative, which is the twin brother of the simple arithmetic.

Again, Mr. Henry E. Niles has plotted together the old Bureau of Labor index, from 1860, which was a recalculation of the old Falkner index prepared for the Aldrich Committee, and, from 1890, the new Bureau of Labor Statistics index, with base values of 1909, and the revision of that index on base values of 1919. The old Bureau of Labor index is the simple arithmetic, including about ninety-two commodities, with a so-called "equal weighting." The second and third are the weighted aggregative, which is among the "very good" formulas recommended by Professor Fisher as approximating the "ideal."

Now, the extraordinary thing is that, in comparing these three indices it is found that the difference between the two new Bureau of Labor Statistics indices, for 1920, for example (due wholly to the different base year values chosen for weighting), was much greater than the difference between either of these new indices and the simple arithmetic for any year throughout the twenty-four years from 1890 to 1913. This could hardly have been pure chance. In other words, for these twenty-four years, at least, the simple arithmetic was as good an index, on test, as the weighted aggregative.

Again: We have plotted the three chief British index numbers, the Statist, the Economist, and both the new and old Board of Trade numbers, together with the index of twenty basic English commodities, regularly prepared by the Federal Reserve Bank of New York for weekly comparison with twenty basic American commodities. Here are indices on three different formulas, the simple arithmetic, the weighted geometric, and the weighted aggregative, and the difference between the five indices, save as to the peak attained in 1920, is extremely small; and, as we have seen, the same difference in an erratic year like 1920 may result, even with the weighted aggregative, simply through a change in the base year weighting.

It seems perfectly clear from this and similar experiments that the simple unweighted arithmetic scarcely deserves to be discarded, as Professor Fisher says, "perhaps somewhat harshly," as "worthless." If the writer might make his own interpretation of Professor Fisher's admirable work, it is that the choice of method save where the number

of items is small, is relatively unimportant. The choice of weights, of material, of the accuracy of the data, of the number of quotations, is of far greater importance, and it is these and not the method of averaging which makes practically all the remarkable differences, for example, which appear at this moment between the different indices of prices in this country. Whereas the new Bureau of Labor Statistics index shows, at the present time, a rise of only 13 per cent from the low point of 1921-1922, Bradstreet's is up 30 per cent; the New York Reserve Bank's 20 basic, 31 per cent; and the Harvard index of 10 sensitive commodities, 55 per cent. Such disparity of results might well be regarded as a scandal of index numbers, and as discrediting them all.

But this wholly depends upon the use to which they are to be put. Bradstreet's, in spite of its somewhat fantastic method of weighting, is actually the best barometer of the trend of prices in this country that we so far possess. The Bureau of Labor Statistics index does not quickly and clearly portray these price movements, perhaps by reason of its endeavor to include so large a number of commodities, and possibly from the fact that it may be rather badly weighted. The mere increase in the number of quotations, *in itself*, as Professor Fisher is at pains to point out, increases the probable accuracy of an index only by the square root of the number of items averaged. It is the sampling and the weighting that is the vital thing. And inasmuch as the Bureau of Labor Statistics index is coming to take on an official character, as the court of final appeal in a great many important questions, it would seem well worth while that the construction of this index should again be revised by a committee of well-known experts.

It is not a scandal that this index and others should so widely disagree at the moment, but it is a scandal that there should have been a difference of more than 10 per cent at the point of widest divergence between the computation on 1909 weights and the revision on a base of 1919 weights. An index which can vary thus widely, on identically the same method of computation, is not suitable as a final arbiter.

There is an additional reason for such a revision, since it seems as if, as a recent writer in the *Economist* expresses it, the United States is being driven by the force of ineluctable circumstance to some kind of an experiment with index number control, in the endeavor to regain that economic stability which it lost in the war, and in the topsy turvy conditions since prevailing. Nothing could offer a firmer base for this, nor, in the end, lend greater confidence to the use of index numbers than such a painstaking work as that which Professor Fisher has carried through. He has cleared away much debris, so that the solid structure built up in the last fifty or sixty years stands forth now in clear and precise outline.

CARL SNYDER.

TENDENCIES IN THE AUTOMOBILE INDUSTRY

The growth of the automobile industry has been marked by a considerable number of changes in the original companies through reorganization, consolidation, or their entire elimination as separate operating companies. In this paper an examination is made of these various realignments and readjustments in order to discover to what extent the industry has already entered upon, or is about to enter upon, a period marked by integration, combination, and monopoly. The paper has to do also with the relative benefits and disadvantages accruing from either complete or partial integration and monopoly. Tendencies toward combination, as well as actual corporate consolidations, are reviewed in order to determine the basis for such combinations and also to compare the expected results from such policies with those actually secured.

In order that there may be some adequate basis for a study of the tendencies under discussion, a number of the more representative companies have been selected and their history briefly reviewed.

THE GENERAL MOTORS CORPORATION

The General Motors Corporation, which is one of the outstanding organizations in the automobile industry, was organized originally on September 16, 1908, as the General Motors Company of New Jersey. This company was given a perpetual charter for "the purpose of engaging in the manufacture of and dealing in motors, motor cars, and machines; to acquire from others their business if of the same general characteristics as that for which the corporation is organized; to acquire patents and trade marks; to acquire and dispose of by sale, mortgage, or otherwise, securities of other corporations with similar corporate powers and to aid such other corporations."

Business conditions immediately preceding the formation of this company were important factors in its organization. The chaotic conditions of 1907-1908 had seriously affected the automobile industry. Sales were greatly reduced, factories were closed down entirely or were operating at a fraction of their normal capacity, and a number of the weaker companies had been forced into bankruptcy. The immediate outlook was doubtful and there were many competent persons who seriously questioned the future of the industry. Under such conditions this company was organized.

The promoter of the company, Mr. W. C. Durant, had faith in the future of the industry. He had been successful in building up the

¹Moody's *Manual of Corporations*, 1913, p. 1413.

Buick Automobile Company, and now utilized the profits derived from that project to secure control of the Cadillac Motor Car Company, the Oakland, which was practically bankrupt, the Oldsmobile Company, which was not earning its dividends, and several smaller companies.² This concentration of control made possible the adoption of certain policies from which marked advantages were expected. The development of a complete line of cars by one organization permitted it to appeal to an unusually broad market; this greatly increased the volume of sales, and made possible mass production, with its accompanying increase in manufacturing efficiency. Not only was the manufacturing and sales position of the various companies bettered, but their financial position was also greatly strengthened by this concentration of control.

The policy of expansion adopted by the company, in order to round out its organization, resulted in additional companies being acquired during the following year, so that by September 30, 1909, the organization consisted of eleven automobile companies, two truck companies, and eight parts manufacturers, with a total production in 1909 of 28,500 cars,³ representing approximately 24.5 per cent of the total annual production of all cars, exclusive of Fords.⁴ The year ending September 30, 1910, was void of any additions; but the following year the company acquired the Welch Motor Car Company of Pontiac, Michigan, and the Heany Company, a holding company controlling companies engaged in the production of incandescent lamps and asbestos-covered magneto wire. In order to make effective its policy of increased manufacturing efficiency, the company discontinued the manufacture of a number of makes of cars, and began the transfer of manufacturing activities to the more efficient plants. Pursuant to this policy, in 1913 seven companies were eliminated as separate organizations and were converted into parts-producing units, and by 1914 the company had standardized its output to five makes of cars and one truck.⁵

No important additions or consolidations were made in 1915, because the facilities of the company were taxed by the increased volume of business that came with the general development of the industry. As a result of this rapid development, the company produced, in 1915, 138,000 automobiles and 6,000 trucks, or approximately 28 per cent of the total production of automobiles, exclusive of Fords, and 8 per cent of the total truck output for the year.⁶ This growth continued unabated during 1916, resulting in an even greater expansion of the

²*Motor*, January, 1923, reprint, p. 12.

³Moody's *Manual of Corporations*, 1910, p. 2718.

⁴*Facts and Figures of the Automobile Industry*, 1921, p. 7.

⁵Moody's *Manual of Corporations*, 1915, p. 2583.

⁶*Facts and Figures of the Automobile Industry*, 1921, p. 7.

company's productive facilities.' Increased manufacturing efficiency was also secured by discontinuing production of the Carter-Car and converting its plant into a parts factory.⁸

During this year also the General Motors Corporation was organized as a holding company under the laws of Delaware, to acquire the assets of the General Motors Company. Control of this company was vested in the Chevrolet Motor Company, which owned a controlling interest in the corporation's stock.⁹ The general policy was adopted of maintaining the separate corporate existence of the various subsidiary companies and of operating them as divisions of the parent company.

An important departure in policy occurred during 1917, when the corporation entered the farm tractor business through the purchase of the stock of the Samson Sieve Grip Tractor Company of California and the business of the Janesville Machine Company of Janesville, Wisconsin.¹⁰ In 1919 the tractor facilities of the corporation were greatly extended by the construction of a large tractor plant at Janesville, and by the purchase of an agricultural implement manufacturing company to provide suitable farming implements for use with the corporation's tractor.¹¹

The addition of the Chevrolet Motor Company to the corporation's holdings on May 2, 1918, not only simplified the corporation's financial relations but also resulted in a marked increase in the productive facilities of the corporation. The Chevrolet Motor Company, in addition to producing 125,000 cars in 1917, also controlled through its subsidiary companies the production of such units as motors, axles, transmissions, and bodies used by the company itself. One of its subsidiaries, the United States Motors, in turn controlled other companies engaged in the production of roller bearings, electrical equipment, radiators, rims, and other devices used in the industry. The Chevrolet Company had also established assembly plants in California, Missouri, and Ontario, Canada, for the more convenient and economical distribution of its cars.¹²

In anticipation of the ever-increasing requirements of the business of the corporation, a considerable increase in manufacturing facilities was provided in 1919 by the construction of a new foundry and a new forge shop, the purchase of several parts factories, and the establishment of a truck assembly plant in eastern territory. The Fisher Body Corporation, the largest producer of bodies in the industry, was also acquired in 1919, in order to assure the corporation of control over

⁸Moody's *Manual of Corporations*, 1917, p. 400.

⁹*Ibid.*, 1917, p. 401.

¹⁰*Ibid.*, 1917, p. 400.

¹¹*Ibid.*, 1918, p. 2183.

¹²*Ibid.*, 1921, p. 1482.

¹³Moody's *Manual of Corporations*, 1918, p. 2182.

the major portion of its body requirements. The Fisher Body Corporation also has extensive facilities for the manufacture of body and automobile hardware. This company also brought with it the National Plate Glass Company, with an annual production of 11,000,000 square feet of plate glass."

With the coming of the recent depression, the General Motors abandoned further expansion of manufacturing capacity and concentrated its attention on the problem of securing increased efficiency within the organization. The tractor project, having proved unsuccessful, was abandoned and the plant utilized for other purposes. The miscellaneous activities which the company had acquired as incidental to its growth were either eliminated or brought into proper relationship to the organization. Since the recent acquisition of a differential gear manufacturing company, the corporation not only has a satisfactory car manufacturing capacity, but also owns plants for the manufacture of all of its more essential parts and accessories."

Financial Control of the General Motors Corporation. The financial history of the General Motors Corporation is closely linked with the personality and activities of Mr. W. C. Durant, who in 1908 organized the original General Motors Company, and who retained control until 1910. In that year he was forced to relinquish control to eastern banking interests for a period of five years, as a condition for the advancement of the necessary credit to the company. However, at the termination of the period, he was able to eliminate the eastern interests because the Chevrolet Motor Company, of which he was president, had acquired a controlling interest in the stock of the General Motors Company." In 1916 the present General Motors Corporation was organized to take over the holdings of the General Motors Company; and in 1918 the corporation absorbed, through an exchange of securities, the Chevrolet Motor Company, which had previously controlled it."

¹²*Annual Report*, General Motors Corporation, 1920, p. 7.

¹⁴*Annual Report*, General Motors Corporation, 1922, p. 21.

¹⁵*Motor*, January, 1923, reprint, p. 15.

¹⁶*Moody's Manual of Corporations*, 1918, p. 2133. In 1910 the eastern banking interests, as a condition for supplying the much needed credit to the General Motors Company, were able to establish and control a voting trust of the common stock of the company for a period ending September 18, 1915. Mr. W. C. Durant was replaced as president of the company and became a director. In a short time, however, he was instrumental in organizing the Chevrolet Motor Company of Flint, Michigan, and on December 23, 1915, its authorized capital stock was increased from \$20,000,000 to \$80,000,000 (*ibid.*, 1917, p. 399). The stockholders of the General Motors Company were then invited to exchange their General Motors Stock for Chevrolet Motor Company stock and by February, 1916, Mr. Durant and his associates had disposition pledges covering the transfer of 100,000 shares out of a total of 165,000 shares of General Motors Company (*ibid.*, 1916, p. 2352).

On October 18, 1916, the General Motors Corporation was organized for the pur-

The unprecedented demand for the corporation's product, and expected continuance of this prosperity, resulted in a policy of expansion involving exceedingly heavy borrowing by the corporation. The coming of the depression, which was extremely severe in the automobile industry, found the company in the midst of this program and in need of credit. The du Pont de Nemours and Company, which in 1918 had secured a substantial interest in the General Motors Corporation, was able to secure control of the corporation in the latter part of 1920, Mr. Durant retiring from the corporation on December 1, 1920.

The eastern banking interests had long been interested in securing a foothold in the automobile industry, and had been temporarily successful in the case of the General Motors Company during the period 1910-1915. The recent transfer of control to the du Ponts, with the affiliation of J. P. Morgan and Company and of British-Canadian interests, again ties the corporation up very closely with the East."

Integration. The history of the General Motors Corporation indicates a definite policy favoring the manufacture and production by the corporation, either directly or through subsidiary companies, of a large number of the component parts utilized in the building of its several cars. The company in 1912 manufactured relatively few of the essential parts of an automobile, whereas in 1920 the organization had extended its scope so that not only all the engines used in its cars, but a large proportion of such units as gears, axles, crankshafts, radiators, electrical equipment, roller bearings, warning signals, spark plugs, bodies, plate glass, and body hardware, were produced either by a General Motors unit or by a subsidiary.¹¹

The policy of the company has in the main been to acquire a sufficient parts-manufacturing capacity to insure an adequate supply for its normal needs, with the option of drawing on the market for such additional quantities as conditions may demand. In a few cases the pose of acquiring the stock of the General Motors Company and the stockholders of this company were requested to exchange their stock for General Motors Corporation stock. In accordance with this request the Chevrolet Motor Company deposited its stock in the General Motor Company, receiving in return 450,000 shares of the corporation's stock, thus giving it control of the corporation as of December 31, 1916 (*ibid.*, 1917, p. 399). Mr. Durant, as president of the Chevrolet Company, was again in control of the situation, the eastern bankers were repaid and the voting trust dissolved. The General Motors Company was dissolved as of August 1, 1917, the new General Motors Corporation taking over its plants and business (*ibid.*, 1917, p. 399).

In order to simplify the corporate structure of the General Motors Corporation a plan was effected providing for the exchange of Chevrolet stock for General Motors stock. As a result of this exchange the General Motors secured possession of the stock of the Chevrolet Company which then became a subsidiary of the corporation (*ibid.*, 1919, p. 2486).

¹¹Moody's *Manual of Corporations*, 1921, p. 1483.

¹²*Annual Report*, General Motors Corporation, 1920, p. 7.

corporation has an excess of parts-manufacturing capacity, and the excess is made available for the general trade. The corporation has for the most part confined itself to the production of such articles as relate largely to the manufacture of automobiles. In some cases, such as steel, tires, and batteries, where the proportion of the total output which is used by the automobile manufacturers is relatively small, the General Motors Corporation has found it advisable to purchase its requirements, rather than to control such companies.

Combination. The growth of the corporate holdings of the General Motors Corporation has been attained through the consolidation of a number of individual companies into the parent organization and also through the creation of additional units. In securing control of the independent companies, the corporation has in some cases purchased their assets outright; in others it has secured possession of all the common stock; while in still other cases it has secured only a majority of the common stock. The corporation has, in the majority of cases, allowed these companies to retain their separate corporate existence, operating as divisions of the parent corporation. In the case of some of the companies, however, it has been found desirable to discontinue their corporate existence and to convert them into simple operating units of the corporation.

The corporation has provided for a considerable degree of freedom within the divisions in the carrying out of their manufacturing activities; and while it maintains a central sales organization, a central personnel department, a central research department, and other similar departments, they serve primarily in an advisory capacity, and each producing unit is placed largely on its own responsibility as to methods and results. The corporation has in addition permitted the various automobile divisions to produce cars of different types and sizes, some of which compete with each other on the market. It has not attempted to concentrate its activities on the production of one particular car or one brand of cars produced in various models. Rather it has followed the policy of producing a number of different types, sizes, and models, in order to reach the largest possible market.¹⁰ In a few cases where there has been excessive duplication of models by the various divisions, the less popular models have been discontinued; in the case of several of the companies, the plants have been converted into parts factories. The corporation, in following out this policy of producing a number of types and models, has recognized the fact that the automobile market consists of a number of classes or levels of demand and that the element of style enters largely into the sale of an automobile.

An examination of the production figures of the various units indi-

¹⁰*System*, October, 1920, p. 610.

cates that they have enjoyed a very substantial growth, one which has been at least in proportion to that of the automobile industry as a whole. The presence of numerous competitors has made it inadvisable for the corporation to restrict output, even if it had so desired. The evident policy, therefore, has been to permit each unit to enter into competition not only with the outside competitors but also to some extent with the other units of the corporation itself, thus securing the maximum cultivation of the market.

This has been true not only in the case of the sale of the finished product but also in the case of the various parts-makers within the organization. While it is expected that the various automobile divisions will give preference to a corporation parts-maker, still they retain the right to buy from outside sources if better prices can be secured. The parts divisions, likewise, have the right to sell their product to the general trade if they can thereby secure a more favorable price. Thus efficiency is not hindered by the common ownership of the divisions; rather the arrangement is such that it secures for each division the results of its labors and renders it impossible for an inefficient division to throw its burden upon the others.²⁰

In its development the corporation has also acquired a number of businesses which are not closely allied to the production of automobiles, such as a farm lighting business, a mechanical refrigerator company, etc. These activities have, however, been acquired largely as incidental to the securing of other activities which pertain directly to the production of automobiles. For example, the farm lighting business came with the Delco Company, a large producer of automobile electrical equipment. The mechanical refrigerator business was acquired in order to broaden the field of activity of the corporation; but this policy seems to have been abandoned, and the importance of these various and miscellaneous activities is now insignificant as compared with the principal business of producing automobiles. It appears, therefore, that the corporation has adhered closely to its original business and has concerned itself primarily with acquiring control of such other companies as are engaged in the manufacture of automobiles, parts, or closely allied products.

Monopoly. The General Motors Corporation, with an annual production of 400,000 automobiles,²¹ is the largest single producer of automobiles, exclusive of the Ford Motor Company. The productive capacity of the industry in 1920 was approximately 2,200,000 cars.²² When the output of the Ford Motor Company is deducted, the total annual production of all other producers is approximately 1,200,000

²⁰*System*, October, 1920, p. 610.

²¹*Annual Report*, General Motors Corporation, 1920, p. 6.

²²*Facts and Figures of the Automobile Industry*, 1921, p. 7.

cars, of which the General Motors Corporation produces about 33 1-3 per cent.

A consideration of the possibility of monopoly control by the corporation can best be made by considering each of the three principal classes into which the industry is divided.

Among cars of higher price, the corporation is represented by the Cadillac, of which approximately 20,000 are produced annually. This car, which has one standard chassis, is produced in a number of body styles and sizes. It has as its competitors such cars as the Packard, the Lincoln, the Peerless, and the Marmon, and the total production of these competitors is several times that of the Cadillac Company. The tendency, moreover, until the recent depression, was for the number of competitors to increase; and at the present time there are at least fifteen representative companies competing in this field.

Among medium-priced cars, the Buick, the Oakland, and the Oldsmobile are offered by the corporation, in competition with such cars as the Dodge, Essex, Hudson, Chalmers, Reo, Jordan, Willys-Knight, Hupmobile, Nash, Studebaker, Chandler, and numerous others. The output of the Dodge and Studebaker Companies is approximately equal to that of the above units of the General Motors, so that the combined output of the independent companies is considerably in excess of that of the corporation. Furthermore, a review of the prices on the various cars indicates relatively little difference.

The production of the Chevrolet brings the corporation into direct competition with the Ford Motor Company; and that this competition is often keen is testified by the experience of the various Ford and Chevrolet dealers throughout the country. The Chevrolet also has the competition of the light four-cylinder Overland, of which approximately 100,000 are marketed annually. The recent advent of the Durant Motors, Inc., has also added another competitor.

This brief survey of the General Motors' competitive position indicates clearly that while the corporation is a large producer of automobiles, it does not have a monopoly of the market either as a whole or in any one of the various fields which it enters. The presence of such a large number of producers in each group indicates that even if a number of the weaker companies should disappear in the near future, there would still be comparatively little possibility of the General Motors being able to establish a monopoly. The corporation in formulating its policy, has recognized the fact that monopoly would be not only undesirable but also impracticable. It has concerned itself, therefore, with the problem of securing adequate representation in each of the various fields, rather than with attempting to secure monopoly power.

THE DURANT MOTORS, INC.

The recent organization and growth of the Durant Motors, Inc., has been one of the unexpected developments of late automobile history. The company was incorporated by Mr. W. C. Durant and his associates on January 13, 1921, and reincorporated on April 2, 1921, in Delaware, with authority to engage in the manufacture and sale of automobiles, and also to acquire the securities of other companies engaged in this or similar business.²³

The conditions which led to the formation of this new organization were of two classes, personal and impersonal. The personal factor was the personality and reputation of Mr. W. C. Durant, who had but recently relinquished the presidency of the General Motors Corporation. His experience and reputation enabled him to appeal to a wide range of investors, who had confidence in his new project primarily because of their faith in him. The impersonal factors were mainly those having to do with the conditions in the automobile industry in 1920. The industry had been seriously affected by the general business depression, sales had been greatly curtailed, plants were idle, many companies were in financial difficulties, and the outlook was exceedingly uncertain. The conditions were in many respects similar to those which existed in 1908 when Mr. Durant originally organized the General Motors Company. By organizing his company during the lower part of the business cycle he was again able to perfect his organization in time to develop along with the upward turn of the cycle.

In the two years since its incorporation, the Durant Motors has been able, either through the purchase of established companies or the development of new companies, to place on the market a complete line of six cars ranging in price from the \$10,000 Locomobile to the \$438 Star car. Plant capacity has also been secured with an estimated annual capacity of more than 350,000 cars, and new facilities are constantly being acquired. In the fifteen months prior to March, 1923, it had produced over 58,000 automobiles of which 11,000 were Star cars, the balance being Durant Fours and Sixes.²⁴

Integration. The recent organization of the Durant Motors, together with its rapid growth, has been such as to concentrate the efforts of its promoters on the more immediate problems concerned with the financing of the company and the production of the initial output of cars. Little attempt has as yet been made to control the production of even the more essential parts of the various cars. In the case of the Locomobile Company, where an established company was acquired, the production of a considerable number of the prin-

²³*Investor and Trader*, February 16, 1923.

²⁴*Ibid.*, March 28, 1923.

cial units had been the custom for some time. In the case of the newly established companies, however, the general policy has been largely one of purchasing the companies' requirements from the established parts-makers. That the company intends eventually to follow a policy of integration as regards at least its principal requirements, would seem to be indicated by the recent statement of Mr. Durant in regard to the purchase of the American Plate Glass Company, in which he said, "Its connection with the Durant automobile body builders will be similar to that existing between the National Plate Glass Company and the Fisher Body Company, which the latter controls."²⁵

If the company is able to realize the production program announced, it will undoubtedly find it advantageous to control the production of its more essential units, such as engines, axles, transmissions, bodies, etc. The extension of the policy to include the many minor accessories is unlikely to occur for some time, if at all. If the experience of the General Motors Corporation is any criterion, the company would also find it inadvisable to attempt to integrate the sources of such raw materials as steel and lumber.

Combination. The corporate plan of this company is very similar to that of the General Motors Corporation, in which the parent company acts primarily as a holding company and operates the various subsidiary corporations as divisions of itself. In following out this policy the company has organized a number of divisional companies, the Durant Motors of New York, Michigan, California, Indiana, New Jersey, and Canada; the Star Motors, Inc., of Delaware; Star Motor Company of New York, Michigan, and California; Flint Motor Company of Michigan; and the Mason Motor Truck Company. It has also secured control of the Locomobile Company and of the American Plate Glass Company.²⁶

An interesting feature of the corporation is the widespread ownership of its stock. There are over 146,000 persons who are stockholders in the company, which gives it the second largest group of stockholders among corporations in the United States.²⁷

Monopoly. The avowed purpose of the Durant Motors, Inc., has been to produce a complete series of cars ranging in price from the Star, which was to sell at current Ford prices, to the Locomobile in the highest priced group. In realizing this intention, the company has placed on the market the following cars: the Star, the Durant Four, the Durant Six, the Flint Six, the Princeton, the Locomobile, and also a truck, the Mason Road King.

That the company is entering a highly competitive market is evi-

²⁵*Investor and Trader*, March 17, 1923.

²⁶*Ibid.*, February 16, 1923.

²⁷*Ibid.*, February 16, 1923.

dent on considering some of its rivals. In the case of the Star car the company will compete with the Ford, the Chevrolet, and the Overland, the keenest competition being expected from the Ford Company, which has hitherto occupied its field practically unchallenged.²⁰² Among medium-priced cars the Durant, the Flint, and the Princeton are to be offered. The company will not only have the competition of a number of the General Motors cars but will also compete with a majority of the "independents." Its higher-priced product will to some extent compete with such cars as the Pierce-Arrow, the Lincoln, and the Rolls-Royce, although an effort is being made to place it above much of this competition by raising the price considerably above the others, excepting the Rolls-Royce. The company not only cannot hope to secure monopoly control in any of the various fields, but its successful continuance in business will be dependent upon its ability to meet keen competition.

THE FORD MOTOR COMPANY

The Ford Motor Company, at the time of its incorporation in 1903, was engaged primarily in the assembling of its car, the motors being manufactured by Dodge Brothers, and other parts being purchased from a variety of producers and jobbers. The rapid growth of its business soon placed the company in a position where it was not only strong enough financially, but also large enough, profitably to manufacture its motors and other machined parts. In 1914 consequently it discontinued further purchases from Dodge Brothers and also greatly reduced the number of parts secured from other producers.²⁰³

In the suit of Dodge Brothers against Ford, argued before the Michigan Supreme Court,²⁰⁴ the testimony of the plaintiffs brought out the fact that Mr. Ford had declared it to be his intention to invest millions of dollars in the purchase of ore mines in the Upper Peninsula of Michigan and in Minnesota; to acquire or build ships to transport this ore to the Ford Motor Company's blast furnaces to be erected on the River Rouge in Detroit; and to construct and install steel manufacturing plants to produce steel products to be used in the manufacture of the Ford car. Mr. Ford, when examined on the subject, stated that it was possible that the Ford Motor Company might develop along the lines indicated.

Shortly after this Mr. Ford purchased the interests of the minority stockholders in the Ford Motor Company, so that he might have entire

²⁰²The company had by January, 1923, already accepted over 281,000 orders for Star cars, and had over 800,000 orders waiting to be accepted (*Motor*, January, 1923, reprint, p. 26).

²⁰⁴204 Michigan Supreme Court Records and Briefs, p. 8.

²⁰⁵204 Michigan 495.

control of the company. Gigantic blast furnaces, with a daily capacity of 1,500 tons have been erected at the River Rouge. It is expected that all castings and steel parts used in the Ford car, the truck, and the tractor, will eventually be manufactured at this plant." Iron mines, at Iron Mountain in northern Michigan, have been secured through the Michigan Iron, Land, and Lumber Company, a subsidiary of the Ford Motor Company, as well as large areas of standing timber, from which the Ford Company is at the present time producing a considerable quantity of the lumber used for body frames. The ore is now transported to the River Rouge plant in chartered boats, but this situation is shortly to be changed by the substitution of Ford-owned ships."

Extensive coal properties have been acquired in Kentucky, in order to give the company control of its coal supply. Likewise, the company, through its purchase of the Detroit, Toledo, and Ironton Railway, has secured direct access to the coal fields of Kentucky and West Virginia. This railroad crosses fifteen other roads, many of which are important trunk lines, and thus insures to the Ford Company an unusually wide range of choice in the selection of routes for its other shipments."

The Ford Motor Company has extensive facilities at its River Rouge plant for the manufacture of touring and roadster bodies, but as yet these facilities have not been developed sufficiently to supply the company's requirements. Large numbers of bodies are purchased from outside manufacturers, the Fisher Body Company (a General Motors' subsidiary) being an important supplier of closed-car bodies. The recent purchase of the Allegheny Plate Glass Company of Glassmere, Pennsylvania, with an annual production of approximately 6,500,000 square feet of plate glass," and the development of extensive lumber and planing mills in northern Michigan, indicate that the company expects to increase its body-producing facilities materially.

Numerous parts, such as wheels, tops, tires, and many miscellaneous units, are also secured from outside producers. A number of years ago the company developed a small experimental plant for the production of tires; and while this department is still retained, the company continues to purchase all of its tire requirements. Mr. Ford has stated that he might at some time develop a tire factory, but as yet no such step has been taken.

Besides these plants mentioned, the company has thirty-three other plants scattered throughout the United States, twenty-two of which

¹*The Detroit News*, January 17, 1923, p. 1.

²*Review of Reviews*, November, 1921, p. 494.

³*Ibid.*, p. 497.

⁴*The Detroit News*, February 14, 1923, p. 1.

make parts, assemble cars, and act as distributing centers. Foreign assembly plants are also located in Manchester, England; Ford City, Canada; Cadiz, Spain; Copenhagen, Denmark; Bordeaux, France; and in South America. A large tractor plant is located at Cork, Ireland.*

Integration. The development and extension of the Ford Motor Company into the various fields described indicates a policy of integration. This policy is especially pronounced in the case of the company's steel requirements. When asked as to the reason for desiring to control the steel processes, Mr. Ford stated that it was not because of any difficulty in securing adequate supplies of steel from the established producers, as the company had never experienced any difficulty as to the delivery of pig iron. Mr. Lee, who was at that time in charge of the manufacturing activities of the company, stated that they had experienced considerable trouble every season in securing adequate supplies of iron. Mr. Kennedy, consulting engineer for the Ford blast furnace work, testified that in his opinion the Ford Motor Company could, under the range of steel prices prevailing in 1919, probably make the furnaces pay for themselves in a year.**

A survey of the Ford Company's activities indicates that the policy of the company is to control the source of its raw materials to a greater extent than even the General Motors Corporation. It has integrated its parts sources largely through the addition of new departments to the home plant rather than through the control of subsidiary parts-producing units. It is unlikely, however, that it will ever be absolutely self-contained, because of the great variety of articles needed for its products. As regards the majority of items the policy is definitely one of integration.

Combination. The corporate history of the Ford Motor Company has been relatively uneventful. There has been no extensive use of the holding company, as in the case of the General Motors Corporation; the Ford Company has been primarily a manufacturing company. In the case of the producers of its raw materials, the company has either purchased them outright and absorbed them, or has purchased them and allowed them to continue their separate corporate existence. In the production of manufactured parts the general policy has been to extend the facilities of the company itself rather than to purchase other companies.

Until its recent acquisition of the Lincoln Motor Car Company, the Ford Company had confined itself to a highly specialized field. This new addition is the producer of a high-priced car which not only appeals to an entirely different market but requires different methods

*Moody's *Manual of Corporations*, 1921, p. 1445.

**204 Michigan Supreme Court Records and Briefs, p. 551 and 560.

of production, so that there is little in common between the Lincoln Company and the Ford Company. Its purchase seems to have been determined largely by other than business considerations, and it is not indicative of the general policy of the Ford Company.

There is little possibility of the Ford Motor Company's entering into a combination with other automobile manufacturers. Not only has it a unique position in the industry, which it would be unwilling to sacrifice, but there is little which it could gain from any such combination. Furthermore, the fact that the company is owned entirely by Mr. Ford and his immediate family insures, in the absence of some unforeseen contingency, the continued independence of this company.

Monopoly. The Ford Motor Company produces for a market in which it is virtually supreme. It made approximately 95 per cent of the cars in its class in 1920. Within its field the Ford Company has many of the aspects of monopoly power, as is evidenced by the manner in which prices are revised from time to time. It is true that the Ford Company has the competition of the Chevrolet and the Overland to some extent; but this competition is not a serious menace, because of the difference in both the price and type of car produced. The introduction of the new Star car by the Durant Motors, Inc., is a factor of importance in any consideration of the future competitive position of the Ford Company, especially if the promoters of the company are able to realize their production program.

THE "INDEPENDENT" COMPANIES

In addition to the General Motors Corporation and the Ford Motor Company, there are a considerable number of other companies engaged in the manufacture of automobiles—106 companies in 1923." These companies range in size from the small assembler of cars to the larger organizations such as Dodge Brothers, Studebaker Company, Willys-Overland Company, etc. Their total annual production is approximately 1,250,000 cars, and includes the entire range of prices, although the majority of the companies are producing cars within the medium-priced group.

These companies fall into three groups when classified as to origin: (1) companies which were engaged in the manufacture of buggies, wagons, and bicycles when the automobile industry began, and which have developed along with it; (2) companies which originally served the industry as parts-makers, later engaging in the manufacture of their own cars; (3) companies organized originally and primarily for the purpose of manufacturing automobiles. In each of these groups are to be found representative companies, as the Studebaker Company in

¹*The Detroit Free Press*, April 4, 1923, p. 7.

group one, the Dodge Brothers Company in group two, and the Hudson and Packard Motor Car Companies in group three. The majority of the smaller producers fall within group three; and while there are a number of strong representative companies in this group, there are also a number of companies of doubtful stability. The history of this group is one of new companies being organized, of financial and other difficulties, of their reorganization, sale, or merger with some larger organization. In the other groups it is found that the companies were for the most part well established before entering the automobile field, and that consequently their development has been more steady.

Integration. There is a considerable difference in policy among the various "independent" companies in regard to integration. The problem of the manufacturer of higher-priced cars is essentially different from that of either the large-scale producer or the small producer of medium-priced cars."

The manufacturer of high-priced cars, costing \$3,000 or over, has in practically all cases, adopted the policy of producing the motors, axles, transmissions, and other essential units for the car in his own factory. There are several reasons for this policy: the manufacturer is selling a quality product, and he can best assure himself of high standards, both in quality and workmanship, by manufacturing his own parts. He has also found from experience that the purchaser of the higher-priced automobile prefers to buy a car which is "manufactured" by the company rather than simply assembled. As a result of these conditions the manufacturers in this class are constantly increasing the number of parts produced within their own factory.

The small producer of medium-priced cars is usually dependent upon the parts-makers for all his parts, even the motors being purchased. This condition is very often the result of his limited financial resources. By purchasing the various units, he greatly reduces his fixed investment for tools and equipment and keeps his capital in more liquid form. If he is able to purchase all the necessary parts, it requires but comparatively little capital to assemble these parts into the finished product. The small producer also usually finds that he can secure from an established parts-maker a better article than he could produce himself and can get it at a lower price.

As the small producer increases his volume of business, he usually first attempts to produce his own motor and then extends his activities to include other of the more essential units which he believes he can produce either better or cheaper than the parts-makers.

The large-scale producers have, in practically all cases, undertaken

¹*The Automobile*, May 25, 1916, p. 954.

the manufacture of the motors used in their cars. With regard to other parts, there is a considerable lack of uniformity in policy. Some companies, like the Studebaker, manufacture practically all the parts entering into their product. Other companies, like the Jordan, purchase practically all their parts and assemble them about the company's motor. The tendency, however, appears to be for the manufacturer to increase the number of machined parts produced in his own factory but to continue to depend on outside sources for such units as bodies, tires, windshields, tops, radiators, and electrical equipment.

The general tendency among the "independent" companies has been toward integration of the immediate sources of supply. No attempt has been made to integrate the primary processes, such as the production of iron or the manufacture of tires. This policy is in recognition of the fact not only that such integration would require an excessive capital outlay, but also that the demand of any of the companies represents but a small proportion of the total production of such commodities by established companies. Unless a number of the "independent" companies should unite to handle such a project, it is certain that no individual company of this group would find it a profitable undertaking.

Combination. In the development of the "independent" companies there have been no large-scale combinations of the various producers, as in the case of the General Motors Corporation. The larger "independent" companies have occasionally secured control of other companies, usually parts-producers, but there has been no extensive movement toward combination. In 1916 a project was launched to merge the Willys-Overland Company, the Hudson Company, the Chalmers Motor Car Company, the Electric Auto-Lite Company, and the United Motors Corporation, this last company to be closely linked up with the General Motors Corporation through the common presidency of Mr. Durant. This project failed of completion." Since that time there has been no comprehensive attempt at large-scale combination by the "independent" companies.

The increasingly keen competition in the automobile industry will render it impossible for some of the smaller and less efficient companies to continue production, and will cause them either to be eliminated entirely from the field or to seek alliance with stronger companies. There is the possibility of combining a group of companies producing complementary rather than competing cars, and thus offering a complete series of cars to appeal to all classes of buyers. However, the stronger "independent" companies have, for the most part, established

themselves in a definite market as regards price and type of car, and there is little to induce them to attempt to broaden their market by adding the product of a weak producer. A combination of weak companies would fall heir to many of the limitations of the individual companies, and its success would be problematic.

The rapid growth of the automobile industry has resulted in the "independent" companies being controlled largely by the men who were instrumental in building them up. These men are, for the most part, still young men and active in the affairs of their respective companies, and many of them would undoubtedly be very reluctant to relinquish control of their organizations. The keen competition at the present time is also such as not to warrant the formation of a large combination with the expectation of realizing heavily from the capitalization of expected earnings. A consideration of these factors indicates that the possibility of extensive successful combination in this field is relatively small.

Monopoly. The presence of approximately one hundred competitors, the majority of whom are within the medium-price group of producers, indicates that monopoly, either complete or partial, is lacking among the "independent" producers. Not only is monopoly power lacking at the present time but the presence of so many competitors and the fact that the style element enters so largely into the purchase of an automobile, renders it exceedingly improbable that any one of the "independent" companies or any small group of "independent" companies could ever secure monopoly power.

THE PARTS INDUSTRY

In a study such as this it is necessary to consider the parts industry, because of the close relationship existing between it and the automobile industry. In this paper the parts industry will be considered only in so far as its organization and history assists in the analysis of the tendencies in the automobile industry.

The history of the parts industry may be traced back, in many cases, to the various small job-shops and small manufacturing plants which in the early development of the automobile industry produced a large portion of the various units that the manufacturers assembled into their cars. In the history of practically every automobile manufacturer there has been a period during which a very considerable proportion of the necessary castings, machined work, and manufactured parts were supplied by the parts manufacturers.

With the development of the automobile industry the number of parts-makers has increased greatly. In 1914 there were approximately 971 establishments, with a total product of \$180,000,000, as

contrasted with 2394 companies and a total product of \$674,000,000 in 1920."

Integration. In the parts-making industry no attempt has been made to integrate the producers of raw materials, except in the case of the tire industry. The principal raw material required is steel, and in this field the established steel companies have in the past been able to meet the needs of the industry. With the present producing capacity of the mills the supply is not only adequate but offered at prices which would not permit of competition by a private parts-maker's furnace. The excessive investment required for a modern steel plant has also made it practically impossible for any parts-maker to enter this field. In the tire industry the necessity for an adequate supply of raw rubber has encouraged the establishment of rubber plantations by the larger companies, but the majority of the tire-makers are dependent upon the market for their raw rubber requirements.

There has been some integration of the more immediate parts-making operations by some of the companies, either through absorbing smaller competitors and sub-parts-makers, or through the addition of new facilities in their own plants to care for the additional functions. This has been especially true in the case of the motor manufacturers. In the industry as a whole there has been little development along the line of integration, except in the case of a few of the larger companies.

Combination. The large number of companies engaged in the industry indicates that little has been accomplished in the way of combination. A number of moderately large combinations have been organized, such as the Steel Products Company and the Metal Products Corporation, but the industry still consists, in the main, of many small independent companies. The highly specialized character of the industry, and the relatively small investment required, have rendered it comparatively easy for a new company to enter the field, except possibly in the motor and body divisions.

The presence of this large number of companies, in addition to the increased parts-manufacturing capacity of the automobile manufacturers, has resulted in severe competition in the industry. The prices of parts have suffered a severe reduction in keeping with the reduction in the price of automobiles, so that many of the less efficient companies are hard pressed. The outlook is for the continuation of this keen competition, and it appears inevitable that many of the weaker companies will be eliminated. The tendency among the remaining companies should be to reduce their costs and to strengthen their financial position either through the combining of a number of companies or through the absorption of the weaker companies by the stronger com-

⁴⁰*Preliminary Report, U. S. Census, 1920, Mfg. Section, p. 5.*

panies. The more evident tendency is toward this latter development. If any combination of the first type should be organized, its purpose will be primarily to secure increased manufacturing efficiency rather than to capitalize expected earnings of the new company, because the conditions in the industry do not warrant any expectation of exceptional profits.

Monopoly. The parts industry, with over two thousand producers, is a highly competitive industry. In the case of the smaller parts there are a large number of companies engaged in the production of the same article. Many of the companies, it is true, produce exclusively for one automobile manufacturer, but the continuance of this relationship is dependent upon their ability to meet competition.

The number of producers of such units as motors, bodies, rear axles, electrical systems, wheels, etc., is much smaller than those producing other units, but even here competition is keen. The companies are all relatively large and well established, and are alert for business. Not only does the parts-maker have the competition of other parts-makers, but he must also meet the growing tendency of the automobile manufacturers to produce many parts in their own plants.

The tendency toward a decrease in the number of companies engaged in parts-making and the increased centralization of activities in the hands of the larger producers or combinations, has been noted. There is little prospect of any of these companies securing monopoly power, however, as the number of actual or potential producers of any class of articles appears sufficient to insure active competition.

CONCLUSIONS AS TO THE TENDENCIES IN THE AUTOMOBILE INDUSTRY AS A WHOLE

In concluding this survey of the automobile industry, it is possible to summarize as to integration, combination, and monopoly.

Integration. The tendency of the industry is toward the integration of the immediate sources of supply. No attempt has been made, except by the Ford Motor Company, to integrate the sources of raw materials such as iron, lumber, coal, etc. The automobile industry uses but a portion of the total production of these industries, and the requirements of any of the individual companies would not warrant integration on their part. There is no probability that the integration of the immediate sources of supply will be carried to the point of eliminating the stronger parts-makers.

Combination. There have been a number of cases of combination among the independents, but the producers involved were of relatively small size. There are a number of factors present in this section of the industry which would be favorable to more extensive combination,

but the presence of other and adverse conditions renders it unlikely that any extensive movement in this direction will take place.

The General Motors Corporation is the outstanding combination in the automobile industry. It has already secured control of the various companies necessary for its efficient operation and any further extensive additions by it are unlikely. The recent development of the Durant Motors, Inc., is based primarily upon the personal reputation and skill of Mr. Durant and the successful completion of the project depends largely upon his efforts. The companies combined are new, except the Locomobile Company, and their ability to withstand competition is yet to be determined.

Monopoly. The competitive situation in the industry warrants the conclusion that, except in the case of the Ford Motor Company, no company has either complete or monopoly power. The presence of numerous strong and active competitors and the peculiar character of the demand for automobiles indicates little possibility of the development of monopoly power by any one company or group of companies. The Ford Motor Company produces approximately 95 per cent of the cars in its class, and therefore has a virtual monopoly of its field. Its tremendous resources and its manufacturing efficiency are all factors which should assist it in maintaining this position against possible competitors.

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THE AGRICULTURAL CREDITS ACT OF 1923

The past decade has seen increasing recognition in the United States of the peculiar credit needs of the farmer. The first important evidence of this recognition, in so far as the federal government is concerned, is perhaps the appointment in 1913 of the United States Commission to Investigate and Study Rural Credit Systems in European Countries. This work was done in coöperation with the American Commission assembled under the auspices of the Southern Commercial Congress. The United States Commission, it may be recalled, was appointed by President Wilson under authority of Congress which appropriated \$25,000 for the necessary expenses.¹

In its report to Congress² the United States Commission recommended a system of long-term or mortgage credit for farmers and upon this recommendation was based to a certain extent the Federal Farm Loan act, approved July 17, 1916. Under this act, the continental United States is divided into twelve federal land bank districts, each served by a federal land bank which operates, with minor exceptions, through local associations of farmers known as national farm loan associations. The initial capital of these banks was nearly all subscribed by the federal government. The act also authorized the organization, by ten or more persons, of joint stock land banks, which are privately financed and which, like the twelve federal land banks, operate under the general supervision of the Federal Farm Loan Board and make loans on farm mortgage security in much the same manner, except that loans are made direct to individuals instead of through national farm loan associations. Up to the present time 79 joint stock land banks have been chartered, of which 74 are in active operation. The twelve federal land banks on March 31, 1923, had outstanding farm mortgage loans to a total amount of \$689,506,533, while the joint stock land banks had similar loans to an amount of \$300,392,914. The total of such loans under the federal farm loan act was thus \$989,899,447, representing about one eighth of the farm mortgage debt in the United States. These loans, as a rule, have a term of 33 years, 40 years being the maximum term permitted. They are repayable in annual or semi-annual instalments on the amortization plan.

I. Preparatory Work for Intermediate Credit Legislation

With reference to rural short-term credit, the United States Commission recommended that the National Bank act be amended so as to permit the organization of "national rural banks" with a capital of less

¹The information and evidence gathered by these two commissions was published as Senate Document no. 214, parts I, II, and III, 68d Cong., 1st Sess.

²Published as Senate Document no. 380, parts I, II, and III, 68d Cong., 2nd Sess.

than \$25,000, which is the minimum for national banks. Such national rural banks, according to these recommendations, were to be divided into two classes. Those with a capital of \$10,000 or over were to enjoy most of the privileges of the larger national banks. Those with a capital of \$2,000 or more, but less than \$10,000, were to be relatively restricted in their operations, and to constitute essentially coöperative rural banks. The Commission further recommended the organization under state laws of credit unions or coöperative credit associations patterned after organizations of this kind in Europe.

While no action was taken by the federal government in line with this part of the report, the enactment of credit union laws in various states was undoubtedly hastened by the Commission's recommendations. At the date of this report, 1913, only four states had credit union laws, namely, Massachusetts, New York, Wisconsin and Texas. Since that time ten other states, Rhode Island, New Hampshire, Virginia, North Carolina, South Carolina, Kentucky, Indiana, Nebraska, Utah, and Oregon, have enacted general laws on this subject. Only in one state, North Carolina, has material advantage been taken of such laws by farmers, but in a number of the cities in the eastern states where such laws exist, large groups of urban wage earners have availed themselves of the opportunity offered for the organization of coöperative savings and loan institutions.

In discussing short-term or personal credit for farmers, the Commission makes the following observation:

One of the first very definite and fundamental observations which must be accepted as a result of an examination into the characteristics of financial institutions in this country which serve farmers, so far as credit is concerned, is *that they were not constructed to serve the special needs of the farmers*. Because the financial institutions have not been constructed to serve the special needs of the farmers, other institutions, such as stores of all kinds and persons who are the purchasers of and dealers in farm products, have often been forced to furnish the financial aid necessary.³

A limited recognition of the farmers' credit needs may also be found in the Federal Reserve act, approved December 23, 1913. Under the provisions of this act, national banks are authorized to loan money on farm mortgages to a limited extent, while farmers' credit paper based on personal and collateral security is made discountable for a term not to exceed 6 months, the limit on ordinary commercial paper being 3 months.

Following the serious deflation in prices of farm products in 1920 and 1921, with the resulting financial difficulties, renewed attention to the problem of suitable facilities for personal credit to farmers was unavoidable. As a means of granting immediate relief, the activities

³*Report of the U. S. Commission*, Senate Document no. 380, 63d Cong., 2d Sess., part III, p. 10.

of the War Finance Corporation were revived in the spring of 1921 with a view to encouraging the export of agricultural products and thereby improving their price. An organization legally known as the Stock Growers' Finance Corporation¹ with a capital of \$50,000,000 was organized in Chicago, with the aid of prominent eastern bankers and with the advice and moral support of the Federal Reserve Board. This corporation, which was popularly known as the "live-stock loan pool," while organized to serve a different industry, was similar in many respects to the so-called Cotton Loan Fund² of 1914 through which a sum of \$135,000,000 was made available for the stabilization of the demoralized cotton market.

On August 24, 1921, the War Finance Corporation act was further amended so as to authorize the Corporation to make advances to banks and other financing institutions or coöperative associations of producers, which had made advances for agricultural purposes. This amendment may be looked upon as a distinct step in the growing recognition of the farmers' need for what has come to be called intermediate credit, by which is generally meant credit based on personal and collateral security, but having a term of maturity materially longer than that prevailing in commercial short-term credit. The Corporation under this amendment was authorized to make loans and advances for periods as long as twelve months, while such loans might be renewed from time to time for a total period not to exceed three years. Under this provision, the Corporation up to March 31 of the current year approved advances amounting to \$455,565,362. A material part of these approved advances have, however, never been called for by the institutions accommodated. The knowledge that additional funds were available if needed was in all cases an important factor in relieving the financial stress. As a result of this new activity of the War Finance Corporation, the assistance of the live-stock loan pool was found to be no longer needed, just as the aid of the Cotton Loan Fund of 1914 soon became unnecessary by reason of the new discount facilities provided by the federal reserve banks, coupled in this case with a rapidly improving demand for cotton.

The act of 1920 making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1921, carried a provision for the appointment of a joint committee of the two Houses of Congress "to investigate and report at as early a date as may be possible as to the practicability of establishing a system of short-time rural credits in the United States and to recommend such legislation as may

¹*Annual Report of the Secretary of the Treasury on the State of the Finances, for the Fiscal Year Ended June 30, 1921*, pp. 46-47.

²*Annual Report of the Secretary of the Treasury on the State of the Finances, for the Fiscal Year Ended June 30, 1914*, pp. 14-17.

be practical and desirable to that end." The committee as appointed consisted of the chairman and two other members from each of the following four committees: Agriculture and Forestry in the Senate, and Agriculture in the House; Banking and Currency in the Senate, and the House committee with similar title. The committee was allowed \$5000 for necessary expenses and this allowance was increased by an equal amount a year later. While the committee gathered considerable data on rural credits, a part of which was published in December, 1920, under the title of *Memoranda for the Use of the Joint Congressional Committee on Short-Time Rural Credits*, none of the bills on the subject, so far as the writer is aware, are directly traceable to the work of this committee.

During the first extra session of the 67th Congress there was created the Joint Commission of Agricultural Inquiry, consisting of five members from each House of Congress, which Commission was directed to investigate the following subjects and report to the Congress:

1. The causes of the present condition of agriculture.
2. The cause of the difference between the prices of agricultural products paid to the producer and the ultimate cost to the consumer.
3. The comparative condition of industries other than agriculture.
4. The relation of prices of commodities other than agricultural products to such products.
5. The banking and financial resources and credits of the country, especially as affecting agricultural credits.

The Commission, of which Congressman Sydney Anderson of Minnesota was chairman, made exhaustive inquiries into the above-mentioned phases of the agricultural situation and issued a report in four parts, one of which deals exclusively with credit. At the close of the report on credit,^{*} which was submitted in October, 1921, the Commission summarizes the "Defects and deficiencies of the banking machinery," as found in the inquiry, and makes specific recommendations. In January, 1922, these recommendations were embodied in what came to be known as the Lenroot-Anderson bill, from the sponsors of the bill in the two Houses of Congress.

Among the large number of rural credit bills introduced in Congress prior to the recent session at which the act here considered was passed, may be mentioned the McFadden bill, often called from its unofficial author the Milliken bill, which provided for an elaborate system of rural credits, coupled with a system of agricultural insurance; the Simmons bill and the Norbeck bill, each of which provided under somewhat different plans for an intermediate credit system based on the present organization of the War Finance Corporation; the Lenroot-Anderson bill,

^{*}*Credit-Report of the Joint Commission of Agricultural Inquiry*, House of Representatives, no. 408, part 11, 67th Cong., 1st Sess.

already mentioned, which provided for an intermediate credit system to be operated in close relationship to the federal land banks; the Capper-McFadden bill, which authorized the organization by private initiative of agricultural credit corporations with special reference to the need of the live-stock industry; the Norbeck-Strong bill, more generally called merely the Strong bill, which made certain changes in the mortgage credit system under the original Federal Farm Loan act. Both the Capper-McFadden bill and the Lenroot-Anderson bill carried amendments to the Federal Reserve act with a view to enlarging the facilities of the reserve banks with reference to agricultural paper. Considerable time was consumed in hearings and informal conferences on these bills. The members of the so-called Farm Bloc particularly gave a large part of their attention to the credit problem.

The National Agricultural Conference called by the Secretary of Agriculture at the request of the President of the United States, met at Washington, D. C., January 23-29, 1922. This body, consisting of 366 delegates from all parts of the United States, gave considerable attention to the problem of rural credit and indorsed in general terms the plan recommended by the Joint Commission of Agricultural Inquiry, or in other words, the Lenroot-Anderson bill, which had shortly before been introduced in Congress. It also recommended the increase of the loan limit by federal land banks from \$10,000 to \$25,000, and urged representation of the shareholders of these banks in the bank directorates.

With the opening of the fourth and last session of the 67th Congress, in December, 1922, an extra session having preceded each of the two regular sessions, the Lenroot-Anderson bill in modified and amplified form was re-introduced in both Houses of Congress. The Capper-McFadden and the Norbeck-Strong bills, which also had been materially modified, were similarly re-introduced.¹

In January, 1923, the Senate passed both the Lenroot bill and the Capper bill, while shortly afterwards the House passed the Strong bill. For a time it seemed as if no legislation would result because of the continued divergence of opinion in and out of Congress. Some Congressmen, as well as others, felt that the Lenroot-Anderson plan provided quite adequately for the farmers' intermediate credit needs. Other Congressmen, as well as persons outside of Congress, contended that the Capper bill alone would suffice to meet these needs. There was considerable opposition to various features of the Strong bill.

¹In each case where a double name is here given for a bill the first name is that of a senator and the second that of a representative. However, in each House of Congress such bill is generally referred to by the name of the member of that House who introduced the bill, if a name is used at all, the official designation of a bill being by number.

On March 1 the House combined into a comprehensive measure and passed the Lenroot bill, the Capper bill, and the Strong bill, making the measure in form an amendment of the Capper bill. On the same day conferees of the Senate and the House were appointed. These conferees did very effective work in revising and reconciling the Senate and the House bills into what became the Agricultural Credits act of 1923, and reported the results to their respective Houses on March third. Both Houses acted favorably on the conference committee's report and the bill was approved by the President on Sunday morning, March the fourth.

II. *Outline of the Act*

The Agricultural Credits act of 1923 is divided into five parts or titles which deal with the following topics:

- Title I. Federal Intermediate Credit Banks.^{*}
- Title II. National Agricultural Credit Corporations.
- Title III. Amendments to the Federal Farm Loan Act (*i. e.*, to the present "Title I" of said Act).
- Title IV. Amendments to the Federal Reserve Act.
- Title V. Miscellaneous Provisions.

With the exception of Title III, which amends a number of provisions concerning the twelve federal land banks as farm mortgage institutions, the act deals almost exclusively with the problem of providing the farmer with needed intermediate credit.

Under the provisions of Title I, twelve federal intermediate credit banks are established, one to be located in each city now having a federal land bank. These intermediate credit banks are to be managed by the officers and directors of the several federal land banks who are made *ex officio* officers and directors of the new banks. The intermediate credit banks are given the usual corporate powers and may act as fiscal agents of the government.

The powers of these intermediate credit banks include the discount and purchase of agricultural and live-stock paper for and from banks, live-stock loan companies, agricultural credit corporations, other federal intermediate credit banks, and various classes of farmers' co-operative associations. They may also make loans direct to such coöperative associations when the loans are secured by warehouse receipts or by mortgages on live-stock. The loans, advances, and discounts of intermediate credit banks must have a maturity of not less than six months nor more than three years. The Secretary of the Treasury is authorized and directed to subscribe to capital stock as called for by the directors of these banks with the approval of the

^{*}The provisions regarding these banks are appended as "Title II" to the Federal Farm Loan act.

Federal Farm Loan Board, in an amount not to exceed \$5,000,000 for each bank. To provide additional funds, the federal intermediate credit banks may issue and sell collateral trust debentures with a maturity not to exceed five years, such debentures to be secured by discounted or purchased agricultural and live-stock paper under rules prescribed by the Federal Farm Loan Board. The amount of such debentures outstanding must at no time exceed ten times the paid-in capital and surplus of the bank, and the interest rate may not exceed 6 per cent. The United States government assumes no liability on these debentures.

Discount rates are to be established in the first place by each federal intermediate credit bank with the approval of the Federal Farm Loan Board. After debentures have been issued, the rates of discount may not exceed by more than 1 per cent the rate paid on the last debentures issued. It is further provided that paper discounted by a federal intermediate credit bank must not involve a rate to the borrower more than $1\frac{1}{2}$ per cent above the discount rate. Debentures may be bought at or below par and retired before maturity at the option of the bank. Each of these banks has direct liability for interest and principal on its own debentures and contingent liability on debentures issued by other federal intermediate credit banks.

The joint expenses incurred by or in behalf of the federal land banks, joint stock land banks, and federal intermediate credit banks are to be apportioned among them by the Federal Farm Loan Board. The net earnings of the intermediate credit banks are to be paid one half to the United States and one half into a surplus fund until such fund equals 100 per cent of the subscribed capital stock, after which 10 per cent of the net earnings are added to the surplus and the remaining earnings are paid to the United States as a franchise tax. In case of dissolution of a federal intermediate credit bank, the net assets, if any, become the property of the United States.

The Comptroller of the Currency is required to furnish reports on national banks and special provision is made for the examination of other institutions with which a federal intermediate credit bank deals or contemplates dealing, as well as for the examination of the federal intermediate credit banks themselves. Provision is also made for the examination and valuation of the security on the basis of which credits are extended by these banks.

The Federal Farm Loan Board will supervise the federal intermediate credit banks in much the same manner as it now supervises the twelve federal land banks and penalties are provided for false statements or fraudulent acts on the part of officers, agents, or receivers of these banks, as well as for counterfeiting its debentures or other paper. No federal intermediate credit bank is permitted to receive

any fees or commissions other than those specifically authorized in the act.

The privileges of tax exemption applicable to the federal land banks are also extended to the intermediate credit banks, including their capital, reserve or surplus and the income therefrom. The debentures issued are held to be instrumentalities of the government and entitled to enjoy the same tax exemptions as are accorded federal farm loan bonds.

Title II of the act, which in modified form comprises what was earlier referred to as the Capper-McFadden bill, authorizes the organization of "national agricultural credit corporations." Such corporations, which must have a capital of not less than \$250,000, may be organized by five or more persons by filing articles of incorporation with the Comptroller of the Currency. The contents of such articles are prescribed in the act and the powers granted these corporations are carefully enumerated. The term of incorporation is limited to fifty years. Among the transactions which may be performed are the discount, rediscount or purchase and sale of various classes of credit paper issued or drawn for an agricultural purpose. The term of discount must not exceed 9 months, except where the security is represented by maturing or breeding live-stock or dairy herds, in which case the discount period may be as long as three years.

The corporations may also deal in United States securities and may act as fiscal agents of the United States. They may issue debentures under the supervision of the Comptroller of the Currency. As in the case of the federal intermediate credit banks, the government assumes no liability on these debentures. The amount of such debentures issued by any corporation may not exceed ten times the paid-up capital and surplus, and the term for which they are issued may not exceed three years.

No limitation is placed on interest rates charged by national agricultural credit corporations aside from those already existing in state law. Wilful violation of state laws on this subject forfeits the full interest on the note or bill involved.

This title also authorizes the organization of special rediscount corporations which must have a capital of not less than a million dollars. Such corporations may rediscount agricultural paper for national agricultural credit corporations and for banks or trust companies which are members of the federal reserve system. They may discount paper for farmers' coöperative associations when such paper is secured by nonperishable and readily marketable agricultural products and has a maturity of not more than nine months. They may also exercise most of the other powers conferred on the smaller corporations organ-

ized under this title of the act, except that they may not make loans direct to individuals.

National agricultural credit corporations, except rediscount corporations, are required to deposit with the federal reserve bank of their district, bonds or other obligations of the United States in an amount not less than 25 per cent of their paid-in capital stock, and must keep on deposit with such bank at all times a sum not less than $7\frac{1}{2}$ per cent of their aggregate indebtedness. They are to operate under the supervision of the Comptroller of the Currency and provision is made for the appointment of an additional Deputy Comptroller to assist in their supervision. The cost of such supervision is to be assessed against the corporations supervised. Banks which are members of the federal reserve system may, with the consent of the Comptroller of the Currency, invest not more than 10 per cent of their paid-in capital and surplus in the stock of one or more national agricultural credit corporations and moneys of such corporations may be kept on deposit subject to check in any member bank of the federal reserve system.

Existing live-stock loan corporations organized under state law may reorganize under the provisions of this title. One or more national agricultural credit corporations may under stipulated conditions consolidate into one corporation.

National agricultural credit corporations will be subject to taxation by state authority to the same extent and in the same manner as national banks are taxed and the debentures or other obligations of such corporations must not be taxed at a higher rate than the rate applicable to other moneyed capital in the hands of individual citizens of the state. Severe penalties for wrongful or fraudulent acts by officers, employees, or agents of national agricultural credit corporations are provided. The use of "National Agricultural Credit Corporation" in the corporate name is limited to corporations organized under this act.

Title II also carries a provision authorizing the Secretary of Agriculture to license qualified persons to inspect live-stock as a basis for loans. Under the plans worked out for putting into effect this part of the act, persons so licensed, after giving satisfactory evidence of their qualifications, will be in position to serve not only the new credit agencies established or authorized by this act, but also any private agency in need of the services of live-stock inspectors with established qualifications and experience. The licensees will, of course, be compensated for services as inspectors exclusively by the loan agencies who employ them.

Title III of the act increases the Federal Farm Loan Board from 5 to 7 members. This means that, henceforth, there will be 6 appointed members in addition to the Secretary of the Treasury who is *ex officio*

member and chairman of the board. Not more than 3 of the appointed members may be chosen from the same political party. The Federal Farm Loan Board, according to this part of the act, shall levy an assessment upon the federal and joint stock land banks in proportion to their gross assets of sufficient amount to cover the salaries and expenses of the Board and of examiners, registrars and other necessary employees. This part of Title III conflicts somewhat with a provision in Title I and the fact that federal intermediate credit banks are not here called upon for their share of the joint expenses is undoubtedly to be ascribed to an oversight due to the haste with which the several bills were combined into a single measure. The Strong bill, from which this provision is taken, was intended to amend the provisions governing the existing farm mortgage system and naturally had in it no reference to federal intermediate credit banks.

One of the important provisions of this title is the increase of the maximum mortgage loan to individual farmers from \$10,000 to \$25,000. It is further provided that one of the federal land banks may, with the approval of the Federal Farm Loan Board, establish a branch in Porto Rico, and the same provision holds with reference to Alaska. Loans by such branches are, however, limited to \$10,000 to any one individual as in the original Farm Loan act and the term of such loans made in the colonial possessions of the United States is limited to twenty years, while the maximum term permitted for loans in continental United States remains as before, forty years. The interest rate charged by such branch banks may not exceed by more than one and one half per cent the rate paid on the last issue of bonds, while the corresponding margin on loans within the United States is limited to one per cent.

The original Federal Farm Loan act provided that until stock to the amount of \$100,000 had been acquired by the borrowers, the bank should operate under what was known as the "temporary organization." Under such temporary organization, the Federal Farm Loan Board appointed five directors to manage each bank. After the required amount of capital had been subscribed by the borrowers, each borrower being obliged to subscribe an amount equal to 5 per cent of his loan, the so-called permanent organization, under which 6 out of 9 directors were to be elected by the borrowers and the other 3 appointed by the Board, was to be instituted.

During the war an act was passed by Congress authorizing the Secretary of the Treasury to purchase farm loan bonds in stipulated amounts, and this act also provided that the temporary organization of the federal land banks should continue in force as long as any federal farm loan bonds were held by the Treasury. While a block of such bonds is still held by the Treasury, the new legislation provides for

putting into effect immediately the permanent organization of the federal land banks on a plan somewhat modified from that originally contained in the Federal Farm Loan act.

The new provisions regarding the permanent organization are as follows: three directors, to be known as local directors, are elected by the stockholders, one such director being chosen from each of three divisions into which each land bank district is divided. Stockholders of the bank in each division, whether these be associations or borrowers through agencies, first nominate one candidate for the board of directors. From a list of the ten candidates receiving the largest nomination vote, the stockholders in each division then elect one board member. Three directors, to be known as district directors, are to be appointed by the Federal Farm Loan Board. Each association and each borrower through agencies also nominate one candidate for director at large, and from the three persons having the largest number of votes for nominee for this position the Federal Farm Loan Board selects a director at large. After the first election all directors are chosen for a term of three years.

A number of minor amendments are also made, one providing that the federal land banks may issue consolidated bonds of the twelve banks through the agency of the Federal Farm Loan Board, while the presidents of the twelve banks are constituted a bond committee. Another amendment provides that in the case of liquidation of a national farm loan association, its stock shall be canceled and stock of the bank issued instead direct to borrowers. Such stock held directly in the bank carries double liability the same as stock held in a national farm loan association.

Title IV amends the Federal Reserve act in a number of particulars. Among these may be mentioned a provision authorizing the admittance of a state bank to the federal reserve system, providing the capital of such bank is equal to 60 per cent of the amount required of national banks similarly located, and providing that such capital be increased within a reasonable time to the amount required of national banks. The definition of "agricultural paper" is liberalized so as to include loans to coöperative associations for grading, processing, packing and preparation for market of agricultural products. The maximum term of discount on agricultural and live-stock paper is extended from six months to nine months. Acceptances drawn for an agricultural purpose and secured by warehouse receipts may be discounted for a period of six months, while other acceptances discounted must as before have a maturity of not more than 90 days.

Title V of this act extends the active life of the War Finance Corporation from July 1, 1923 to February 29, 1924, this action being deemed necessary in order that the new intermediate credit machinery

established and authorized by the act might be in full operation before the assistance of the War Finance Corporation was removed.

It is finally provided that a Joint Congressional Committee of three members of the Banking and Currency Committee of the Senate and five members of the corresponding Committee in the House, be appointed to study the question of inducing state banks more generally to join the federal reserve system and to report its findings to Congress. This action was evidently dictated by the same motive that inspired essentially the whole of this act, namely, that of making enlarged discount facilities available to agricultural districts. Such facilities would, of course, be greatly enhanced if a larger percentage of the state banks were members of the federal reserve system. At present only about 1,600 of approximately 22,000 banks operating under state laws are members. Of this latter group, nearly 10,000 were eligible under the original Federal Reserve act and a large number of others are made eligible by the reduced requirements of the act here considered.

III. *Criticism and Comments*

As would perhaps have happened with any legislation on this subject, the act has been criticized from many points of view. Some hold that the legislation was unnecessary, adding a needless amount of credit machinery, and that existing facilities were adequate for the farmer, as well as for the business man. Many farmers, on the other hand, feel that the legislation does not go far enough, inasmuch as no provision is made for loans direct to individuals, and not a few appear to believe that the capital provided for the intermediate credit banks falls materially short of what is needed.

Others, while conceding the need for some legislation, criticize many of the provisions of the act as being unduly paternalistic, as putting the government too directly in the business of supplying credit, and as tending toward bureaucracy. The tax-exempt features of the federal intermediate credit banks and of the debentures to be issued by them have been criticized with particular severity. Yet others object to the coupling of the intermediate credit banks with the existing federal land banks, which, as originally created, had a very specific field of operations. The right to issue debentures on the part of the privately organized and financed national agricultural credit corporation has been criticized, as tending toward a bewildering confusion in the number of bonds and debentures issued either by governmental agencies or by agencies under close governmental supervision.

The provisions under Title III have been objected to on the assumption that the increase in the loan limit to individual farmers was unnecessary and undesirable; also on the ground that the permanent organization of the federal land banks does not provide the measure

of control by the borrowers, who constitute the stockholders, that was promised under the original act. A brief examination of these various criticisms and objections may be of interest.

With reference to the need for additional credit machinery, it may be said that substantial ground undoubtedly exists for the argument often advanced that our hitherto existing banking system has been devised primarily with a view to meeting the needs of commerce and industry with little consideration for the peculiar credit needs of agriculture. The farmers' turnover is slow as compared with that of trade and manufacture. It depends more directly upon seasons and cycles of nature, which cannot be materially shortened by artificial means. This is true both in crop production and in the breeding and raising of live-stock for meat, hides, wool and other animal products. Although commercial and manufacturing interests in so far as operating credit is concerned, are in general served by loans for a term of three months or less, a considerable part of the farmers' operating credit, in order fully to meet his needs, must run for periods longer than six months and in the case of live-stock production, particularly, for a period of several years.

Under our hitherto existing system this need for what has come to be called intermediate credit has been met in a haphazard manner by a series of renewals of nominally short-term loans. Under this plan the farmer has, as a regular practice, been obliged to agree to repay his loan at a date materially earlier than that at which either he or the lender expected that the loan could be repaid. By this makeshift and unscientific practice the portfolios of numerous country bankers have been given an appearance of liquidity which in fact did not exist.

When conditions have been normal, the farmer, as a rule, has experienced little difficulty in obtaining a renewal of his loan until such time as the project for which the loan was obtained was completed and had yielded the expected returns. In times of financial stringency, however, he frequently found, to his sorrow, that it is highly unwise to agree to a contract which one is in no position to fulfill. Even in times when renewals are readily obtainable, it seems unwise, if not absurd, that the members of any group of our economic organization should find it necessary by agreement to place themselves at the mercy of their creditors, notwithstanding that the purpose of the loan is entirely legitimate and the returns from the venture relatively certain, provided the necessary time is allowed.

A few critics, including a certain number of farmers, have either opposed or belittled the new credit legislation on the ground that farmers, in many cases, have been extended too much credit and have suffered as a consequence. These frequently point to the amount of

outstanding farm mortgage indebtedness, as well as outstanding personal credit to farmers by banks and merchants, in support of their argument. There is little doubt that many farmers have suffered and are now suffering from an unwise and excessive use of credit. The fact that some farmers have abused their credit privileges would seem to be no sound argument, however, against making ample and suitable credit available for that far larger class of farmers whose productive capacity and resulting prosperity are greatly enhanced thereby. To deny proper credit facilities to all farmers because a few of their number have made unwise use of credit seems no more justifiable than would be a policy of reducing the credit facilities of commerce and industry because certain individuals in these lines have used credit improperly.

Agriculture as a whole is financed by the operators' own capital to a materially greater extent than any other important industry. The outstanding farm mortgage credit, according to a recent joint estimate by the Bureau of the Census and the Department of Agriculture, was on January 1, 1920, \$7,857,700,000. The personal and collateral bank credit to farmers was estimated, on the basis of an inquiry by the Department of Agriculture in the spring of 1921 when such credit was undoubtedly abnormally large, at \$3,870,000,000.* No satisfactory estimates are available for the amount of merchant credit to farmers, but it undoubtedly falls somewhere between \$1,000,000,000 and \$3,000,000,000. The present total outstanding credit to farmers can hardly reach \$15,000,000,000. According to the census of 1920, farm property including land and buildings, implements and machinery and live-stock, but not including seed, feed, or products held for direct use or for future sale was valued at \$77,924,100,338. Even allowing for considerable shrinkage in this valuation since 1920, the total farm indebtedness falls well below 20 per cent of the gross value of farm property. Most other important industries use borrowed capital to amounts varying from a third to two thirds of their capitalized value.

Farmers, like others, need to be cautioned against resorting to credit except when this means of getting control of added capital carries with it sound prospects of profitable use. The farmer, as well as any other member of industrial society, who needs credit and has the ability and the opportunity to use it profitably, should, so far as humanly possible, be provided such credit in the amount and on the conditions that meet his requirements.

Those who object to the inadequacy of the new credit legislation on the ground that since it makes available no loans direct to individuals, it helps the bankers rather than the farmers, fail to see the difficulty,

*U. S. Department of Agriculture Bulletin 1048, *Bank Loans to Farmers on Personal and Collateral Security*.

if not impossibility, of a national system of personal credit which deals directly with the individual farmer. In this respect personal credit presents a radically different problem from farm mortgage credit. The latter is based on land as security, which is concrete, tangible and relatively indestructible and can be dealt with under general rules applicable, with minor exceptions, to all parts of the country. In contrast, personal credit, whether strictly short-term or intermediate, rests to a considerable extent on character, productive capacity and other personal characteristics, which vary widely between different individuals. To the extent that it does rest upon specific tangible security, such security is subject to removal or destruction to a far greater extent than is the case with land. To establish a personal credit system which would reach individual farmers in all parts of the country without the use of banks or other organizations as intermediaries would involve an amount and complexity of machinery which, if the system were to be self-sustaining, would make the cost, or interest rate, exceedingly high.

The federal intermediate credit banks are intended to utilize existing financial machinery as far as possible. Only in the case of coöperative associations of producers of agricultural products can their funds be obtained by farmers without the intervention of a bank or other specialized credit institution. In all cases, some local institution or organization must pass upon the need and the capacity for credit of the individual and assume either direct or contingent liability on the loan.

The objection frequently heard against the bill which in effect became Title I of the Credits act, that the capital provided was entirely inadequate, can be proved or disproved only as the result of actual experience. It should be remembered, however, that while the farmer does need credit for a term longer than the three or six months' limit hitherto granted by the ordinary commercial bank, this is by no means true of all the credit used by the farmer. A considerable amount of credit, particularly during or following harvest time, will continue to be wanted for a few months only and will, no doubt, be furnished by commercial banks as it has been in the past without resort to any discounts with the intermediate credit banks or national agricultural credit corporations. Furthermore, it should be remembered that the federal reserve banks have, by the new legislation, been placed in position to care for agricultural paper with a maturity up to nine months instead of six.

The fact that a considerable amount of the advances approved by the War Finance Corporation has never been called for by the institutions accommodated, would seem to indicate that for banks, as well as for farmers' coöperative associations, the mere knowledge that ad-

vances are available is often sufficient to inspire confidence and open numerous private sources of credit. For this reason, it is believed that it would be unfair as well as unjust to estimate the value of the intermediate credit banks entirely by the volume of business that they do. The mere existence of these institutions may be expected to prove of decided benefit to coöperative associations and rural financial institutions, and indirectly to the individual farmer, even when little or no discounts from this source are either sought or obtained.

The charge of paternalism against the new intermediate credit system would seem to apply with considerable force, and the attitude of individuals toward it is likely to be influenced to a considerable extent by their preëxisting bias for or against governmental economic activity of any kind. There is little doubt, however, that many supported this plan who on principle are opposed to any extension of governmental functions. The need for better rural credit facilities had become fully recognized and only by direct governmental action could results be quickly accomplished. It is generally conceded that the War Finance Corporation under its amended charter has met a real and important need. This institution has functioned as a temporary agency and according to its management could not on its present plan continue to give service for an indefinite length of time. The need that this corporation has served and will continue to serve for several months to come is, however, a permanent need, even though the lack of facilities for supplying it becomes most apparent during periods of depression such as that from which agriculture has suffered so severely during the last few years.

The provision for exempting the new intermediate credit banks and their debentures from income or other taxes except taxes on real estate, gives opportunity for one of the strongest objections against the plan. That tax-exempt securities under our present system of graduated income taxes are an evil, and that such securities are increasing at an alarming rate, must be conceded. There is considerable ground for the feeling, however, that the tax-exempt securities hitherto issued have benefited the urban dweller to a far greater extent than they have benefited the farmer. While bonds wholly or in part tax exempt are issued by rural political units, as well as by cities, and while the farmer may be said to derive benefit from such issues by states and counties to much the same extent as the urban dweller, yet there are large volumes of tax-exempt securities which are of no direct interest or benefit to the farmer. In nearly all our larger municipalities the inhabitants provide themselves with a water system constructed with the aid of securities wholly or in part tax exempt. To some extent, the same is true of electric plants, gas plants, and other public utilities and improvements. The farmer has not been privileged to issue tax-exempt notes

or debentures to enable him to drill a well, to install an electric plant, or gas plant, or to build a sidewalk in front of his home, but under the rural credit legislation of 1916 and 1923 this can in effect be done. It would seem, therefore, that until the issuance of tax-exempt securities is prohibited to all groups and classes, the farmer has a fairly sound claim to benefits from this source on the simple principle of fair play. In general, it is believed that very little opposition will be found among farmers to any plan that eliminates all tax-exempt securities.

The question of coupling the new intermediate credit banks with the existing federal land banks caused a considerable controversy during the consideration of the act. A few persons believed that an intermediate credit system could more appropriately be made an adjunct of the federal reserve banks than of the federal land banks. Intermediate credit is, after all, personal and collateral credit of much the same kind as is now dealt with by the federal reserve banks with the one difference of a longer term of maturity. With proper authority and some additional facilities it was felt that the federal reserve banks could handle intermediate credit with greater ease and less additional expense than can the federal land banks.

Other persons in and out of Congress felt that the intermediate credit system should be entirely separate and independent, and that to tie it up either with the federal land banks, or with the federal reserve banks would be to hamper and cripple its efficiency and usefulness. This was the position, of course, taken by exponents of the Simmons bill, the Norbeck bill, and other bills involving a plan based on a modification of the War Finance Corporation into a permanent rural credit agency.

The supporters of the Lenroot-Anderson bill, which, with minor changes, constitutes Title I of the act, held that it was highly desirable to couple the new banks with an existing system. One of the reasons for this position was the feeling that while a source of discounts and advances to supply intermediate credit needs was essential, it might in normal times remain largely a potential source. With the intermediate credit banks closely associated with the existing land banks and managed by the same officers and directors, a nucleus exists which may be quickly expanded as demand for intermediate credit dictates. In times when little demand is made upon an intermediate credit bank, it can thus continue in existence with small overhead expense and be quickly expanded when emergencies arise.

The assets and liabilities of the federal and the intermediate credit banks are entirely separate and distinct and it is difficult to see how the existence of the new banks can in any way affect the marketability of bonds issued by the federal land bank as such. The short-term debentures issued by the intermediate credit banks, for which the twelve

banks are in final analysis jointly liable, are not likely to be in any way confused with the long-term bonds issued on a similar plan by the twelve federal land banks. Any debentures issued by national agricultural credit corporations will, of course, like the mortgage bonds issued by the joint stock land banks, be sold to a considerable extent on the merit of the individual institution issuing them.

The increase in the limit of mortgage loans to individual farmers from \$10,000 to \$25,000 is of particular importance to the states of the Middle West where farms are relatively large in spite of high land values. In these states a large percentage of the purchasers of farms found it impossible to use the facilities offered by the federal land banks because of the limitation upon the amount of the loan. Even those who were able to pay in cash one half or more of the value of an ordinary farm unit found it necessary to place their mortgage with private loan agencies or else with the joint stock land banks, since it was usually difficult, if not impossible, to place a second mortgage for the amount needed above \$10,000. This limitation as to loans operated, therefore, against the interests of the farmer and constituted an unfair handicap on the twelve federal land banks as against the joint stock land banks.

The new provisions for the permanent organization of the federal land banks were the subject of much controversy. These provisions as enacted represent a compromise between those who were anxious to have the banks placed in the hands of the stockholders under the original terms of the Federal Farm Loan act, and those who believed that it was necessary for the Federal Farm Loan Board to retain essentially full control of the banks. The compromise on this point is so adjusted that it is somewhat difficult from this part of the act alone to determine which of these two factors is given the greater degree of control. With the general supervisory powers of the Board added to the right directly to appoint three of the seven directors and to select the seventh, or director at large, from among three of those nominated by the stockholders, it seems probable that the Board will continue in practical control of the banks. In the first election under the new provisions, which took place in May, every member of the various temporary appointive directorates who was a candidate for election by the stockholders was elected.

While the federal intermediate credit banks were chartered and organized with great promptness following the passage of the new Agricultural Credits act, the first few weeks of their existence has given no indication of a large volume of business. This is in part to be explained, no doubt, by the continued operation of the War Finance Corporation, whose active life was by this same law extended from July 1, 1923, to February 29, 1924, and in part to the very

conservative nature of the preliminary rules and regulations issued by the Board at about the time the intermediate credit banks were chartered. It is expected, however, that the requirements for discounts and advances laid down in these preliminary rules will be liberalized from time to time as the Board finds it possible one by one to dispose of difficulties that confront the new credit agencies under its charge.

Up to the date of writing (May 28, 1923) no national agricultural credit corporations have been chartered by the Comptroller of the Currency under Title II of the act. A few applications for charters are pending, however, and the indications are that a number of existing live-stock loan companies will reincorporate under the new law, while some entirely new organizations of this type will probably organize in territory where demand for live-stock credit in considerable volume exists.

The service rendered by the federal intermediate credit banks will probably depend to a considerable extent upon the attitude assumed toward them by country banks. These banks have now been placed in position to meet the legitimate intermediate credit needs of their farmer patrons and by availing themselves of the new discount facilities can extend such credit without tying up their own loanable funds in paper of such length of maturity as to be ill-adapted to deposit banking. In any case, the importance of the federal intermediate credit banks to farmers' cooperative associations, particularly after the War Finance Corporation withdraws its support, can scarcely be doubted. Furthermore, should banks in certain localities refuse to become a part of the new system designed more effectively to bridge the gap between the investor and those in need of intermediate credit, it is probable that in such localities special farm credit institutions or other organizations of agricultural producers will be formed to make the necessary contact between the new banks and the individual farmer.

The effect of the new legislation upon the cost of credit can hardly be important in agricultural districts located near centers of surplus capital. But such districts as comprise parts of larger deficiency areas, from the point of view of loanable funds, may be expected to experience a more liberal credit supply and a lower rate of interest on personal and collateral loans, just as such districts have already benefited in the field of mortgage credit from the facilities afforded by the federal and joint stock land banks. In all agricultural districts the new banking facilities should tend to make personal credit available to the farmer for such periods of time as are called for by the nature of his business.

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THE RATE OF WAGES AND THE USE OF MACHINERY

I

Economists seem to be of the opinion that an increase in the general rate of wages will make it profitable for entrepreneurs to install machinery that could not have been used profitably at a lower wage rate, an increase in wages being taken to mean an increase in labor cost. It is the thesis of this paper that this position is not sound.

Cassel, in *The Nature and Necessity of Interest*, states the case as follows: "Finally, we have to note a fourth and most important tendency of economic life, pointing to a continuous extension of the use of durable instruments of production, viz. the *rise of wages*. We shall invariably find that those countries where wages are highest stand first as regards invention and the application of machinery. . . . In India and Russia, where wages are extremely low, agriculture is generally carried on by means of implements of the very simplest description: Australia and the United States are the countries of the steam plow."¹

Seager says, "Capital goods are substituted for labor and workmen are substituted for capital down to a margin of indifference, that is, to a point where both factors are equally cheap at prevailing rates of wages and interest." And again, "The lower the rate of interest, or the higher the rate of wages, the shorter the period that capital goods will continue to be used" before being replaced by new equipment. ". cheap labor and old and inefficient capital goods are usually found together, while the almost certain attendant of dear labor is an up-to-date and efficient equipment of capital."²

And, similarly, Fetter says, "If wages rise, 'it pays' to get machinery; if wages fall, it pays to let some of the machinery deteriorate and to do more by hand-labor." While the other authorities consulted do not state the matter as roundly as do these three, several, by implication, at least, hold this position and no one of them offers any criticism against it.

II

The error has come from overlooking, in this connection, the very patent fact that capital—machinery—is the product of labor. As Marshall puts it, "When it is said that machinery is substituted for labor, this means that one class of labor combined with much waiting is substituted for another combined with less waiting." Böhm-Bawerk's celebrated phrase *roundabout production* expresses the same

¹Cassel, *The Nature and Necessity of Interest*, p. 116.

²Seager, *Principles of Economics*, p. 278.

³*Ibid.*, p. 289.

⁴Fetter, *Economic Principles*, p. 340.

⁵Marshall, *Principles of Economics*, fifth ed., p. 666.

idea, and as well does Taussig's statement, "All capital is made by labor, and all the operations of the capitalist class are resolvable into a succession of advances to laborers."^a

Thus in its broad aspect the problem of the use of machinery, after allowing for waiting, is merely that of the most effective utilization of labor. Whether labor can be used more effectively in a direct or in an indirect manner and, if the latter, the degree of indirectness that is desirable, would seem to be not at all dependent upon the rate of wages. If labor can be more effectively applied in the United States and Australia in first producing steam plows and then using them, there would appear to be no logical reason why the lower wages of India and Russia would make such a procedure uneconomical in those countries. Hence, if cheap labor and poor equipment and dear labor and up-to-date machinery are found together, the causal relationship must be something other than the height of the rate of wages.

And from the point of view of the entrepreneur, since machinery is the product of labor, the price of machinery must tend to reflect the wages that must be paid for its construction. Accordingly, the choice between the use of a machine and a certain number of employees would seem not to depend upon the rate of interest on the one hand and the general rate of wages on the other, for the rate of wages will tend to influence the price of machinery as well as the size of the pay roll for the employees.

As the problem of the utilization of more machinery as compared with less machinery differs only in degree from the problem of the machine method versus the hand method, the discussion will run in terms of the latter, for convenience in analysis. In the choice of the two methods, there are three possible cases. First, one in which the machine method is preferable; secondly, one in which it is a matter of indifference which method is used; and, thirdly, one in which the hand method is the more economical. The analysis may be simplified by assuming (1) that labor is homogeneous and rewarded equally; (2) that there are only two costs in production—labor and waiting; (3) that competition is perfect. On the basis of these assumptions, algebraic formulas may be used advantageously in showing the three cases just noted.

Let a = the number of days' labor for a year required to make a machine;

b = the number of days' labor for a year required to operate the machine and keep it in repair;

c = the number of days' labor for a year required to do the task by hand

i = the rate of interest.

^aTaussig, *Principles of Economics*, third ed., vol. I, p. 75.

The three cases may then be indicated as follows:

(1) $ai+b < c$

(2) $ai+b = c$

(3) $ai+b > c$

Multiplying the year-days required to make the machine by the rate of interest reduces the cost of the machine to year-days for each succeeding year. Thus if 40 year-days are required to make a machine and the rate of interest is 5 per cent, the yearly cost of the machine is equivalent to the labor of two men each day for a year, or two year-days. Stating the labor cost in year-days simplifies the problem if the machine is to be used continuously throughout the year.

It is apparent from these formulas that the rate of wages is of no consequence in determining which method is preferable. The second of these cases is the one that the authors quoted above apparently have in mind in stating, or implying, that at one wage level it is a matter of indifference which method is used. The invalidity of their position that a higher wage level would make the use of machinery profitable in this case, may be seen by noting that any alteration from a given rate of wages amounts to multiplying both terms of the equation by the same number. If, for example, at \$1 per day it is a matter of indifference whether hand labor or machinery be used, then it would still be a matter of indifference if wages should rise to, say, \$10 per day, or \$100 per day.

However, any change in the rate of interest would disturb the equation, and throw the advantage definitely to one method. The difference between the effect of an alteration in the rate of interest and an alteration in the rate of wages is due to the fact that in this, the second of the three cases, there is an identity in labor costs in the two methods, and that this identity depends upon a particular rate of interest. For, as more waiting is necessarily involved in one method than in the other, a change in the rate of interest would make labor costs unequal, while a change in wages would not disturb the identity. In the formula given here, one could say that a change in interest would affect only one term of the equation, while a change in wages would affect both terms. But if there were an identity of cost in using more as compared with less machinery, the other statement would be necessary since then the interest factor would appear in both terms of the equation.

In the other two cases there is no point of indifference in the utilization of machinery and labor. In the first one the advantage is with the machine method, and in the other one with the hand method, regardless of the rate of wages. However, any increase in the wage level would augment the gain in dollars that would accrue from using the advantageous method, although it would not alter the per cent of gain that could be derived by using the one rather than the other.

The first of these cases represents the prevailing situation in industry, if the supply of waiting power (loan funds) is sufficient to make the rate of interest reasonably low. Furthermore, the inventions and improvements, which are constantly taking place, that reduce the cost of constructing or operating machines for a given output, transfer particular industrial operations from cases two and three to case one; or, if the use of machinery was already profitable, make its utilization still more profitable. We, in America, have not only the power to wait on the construction and utilization of machines but wit enough to see the advantage in using and improving them. It is this, and not that the prevailing high rate of wages makes it profitable, that accounts for our wide use of machinery.

An increase in wages is not, however, without an effect on the extent to which machinery is used, although for reasons other than that commonly given. Since an increase in wages, when the advantage already lies with the machine method, augments the gain in dollars that would come from a change in method, wage increases for any cause, including increases as part of a rising price level, tend to encourage the further use of machinery. Also, increases in wages undoubtedly often call the attention of entrepreneurs to the fact, which they might have observed before, that economies are possible from the use, or further use, of machinery.

III

Conditions are not as they are assumed to be in the above argument. Yet, it is submitted, the conclusion is valid as expressive of a marked tendency. Perfect competition does not prevail. Accordingly, wage increases are not at once reflected in the price of machinery, but there is certainly a tendency for this to take place. Even machinery that is partially or entirely produced at one wage level, tends to take on a price corresponding to the new wage level, if wages are altered. There is, furthermore, perhaps as much tendency for economic friction and other than labor and waiting costs to affect the expense of the hand, or less machine, method as the price of new machinery and the cost of operating and repairing it. (This phrasing, of course, does not imply that value comes from cost, but merely that cost, in the cases under consideration, determine supply and thus value.)

Neither does the inequality which is found among wage groups alter the conclusion in the above argument. Indeed, unequal wage payments tend to make labor costs in money equal in different establishments. Further, in the second of the three cases noted above, if the formula $a_1 + b = c$ were written $w_1 a_1 + w_2 b = w_3 c$, in which w_1 w_2 w_3 each represent a different wage rate, any proportional increase in

wages in the three wage groups would not affect the equation. But, of course, wage increases may not be general, nor proportional when general. There is, however, a tendency for this to be the case. Certainly, the reasoning of the authorities quoted in the introduction to this paper is based on the assumption that wage increases take place over the whole industrial field.

Obviously, if a wage increase is not general, the above argument does not apply. If a wage increase in a factory, or group of factories, is not accompanied by a like increase in the establishments that furnish machinery, including the firms of middlemen that handle it, then a wage increase in the former will make the use of machinery advisable at what was formerly the point of indifference in the utilization of machinery and labor. But, to repeat, this point of indifference is not altered by a change in the general rate of wages that prevails throughout an industrial society.

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REVIEWS AND NEW BOOKS

General Works, Theory and Its History

American Problems: A Textbook in Social Progress. By FRANCES MOREHOUSE and SYBIL FLEMING GRAHAM. (Boston: Ginn & Company. 1923. Pp. xii, 567. \$1.72.)

In writing a text which serves as a basis for a secondary school course—which should be offered preferably in the last year and should be required of all students—the authors have attempted an interesting task in the field of social science. Without pretending to advance any new theories or new and elaborate interpretations of old theories, *American Problems* adapts the accepted theories and descriptions of social organization to the needs of the pupils in our secondary schools. Textbooks in social science for these schools are not numerous, and for that reason, if for no other, this particular contribution should be welcome.

American Problems does three definite things: it gives a survey of the origin and growth of political, social, and economic institutions; it shows the main features of our economic organization; and it discusses some of the more important problems in which we should be interested and with which we must be concerned. This text is expected to teach students the vocabulary of social relations, and is motivated by the belief that social efficiency is the aim of education. It holds that a propaganda of social service carried on in our public schools is essentially beneficial. Such propaganda, it maintains, should be that of a friendly, sympathetic coöperation between the different social and economic classes of the world. Human motives should be less acquisitive and more productive, and the desire to give should supplant the desire to get. To stimulate in secondary school students an enlarged and meaningful interpretation of social coöperation is an important task. It is the hope of the authors that this book will be an aid in giving pupils a social sympathy, a social outlook, and a social understanding which will lead to useful citizenship.

The method of treatment is descriptive rather than analytical. Designed for students who have at best only a scattering knowledge of social science, the treatment must of necessity be general. On the pedagogical side the book, which is quite frankly a preliminary survey, appears to be excellent, with descriptions and statements which are for the most part clear and concise. The material is well arranged, and there is a judicious selection of topics. At the end of each chapter is a set of thoughtful questions which may be used by the teacher in stimulating class discussion. Each chapter is supplemented also by a

short bibliography, the purpose of which is to amplify the range and richness of student thought on the topic.

Space forbids any extended critical comment; the reviewer, however, desires to mention a few things taken from the chapters which are devoted to a description of our economic system. In chapter nine it is quite evident that the authors do not have a grasp of monetary and banking details; they fall into a good many inaccuracies, and also they make certain unqualified generalizations which are misleading. The definition of Gresham's law is, "Bad money drives out good money." It is not bad money but cheap money, the less valuable money, which drives out dear money. It may happen that new, freshly minted coins will drive out old, defaced, clipped coins, as actually happened in the United States after the passage of the Coinage act of 1836, when new gold coins drove out worn silver coins. On page 212 it is stated that "Banks issuing notes under the system were called national banks, as they were inspected by the federal government and made secure by deposits in the national treasury." The real reason here is the fact that banks are incorporated under national law and receive a charter from the federal government. Moreover, it is not the banks which are made secure by deposits in the national treasury, but the national bank notes. In 1873 the government by demonetizing the silver dollar, it is claimed, adopted the gold standard (p. 214). But there is much more to an adoption of a gold standard than is implied in the simple expedient of dropping the silver dollar from the list of coins to be struck at the mint. So long as the government did not redeem its currency in gold it could hardly be said to have the gold standard, nor in practice, at least, to have adopted it; this was not definitely accomplished until the passage of the currency act of 1900. Even up to the present time many writers insist that on account of the presence of the silver dollar, which the Secretary of the Treasury is not required by law to redeem in gold, we are on a limping standard rather than the full gold standard. The description of commercial paper on page 223 is unsatisfactory and not at all clear, as is also the discussion of clearing houses, the independent treasury system and the federal reserve system. Incidentally the establishment of the independent treasury system is given as 1840 rather than 1846. On page 226 national banks are said to purchase with gold, bonds which are used as a basis for the issue of bank notes. If it had gold, a national bank would not want to part with it in this way. As a matter of fact the bank would go into the open market and buy the bonds at the best price it could obtain and then pay for them in the same way any individual would make payment. There is scarcely a page of this chapter which does not contain some glaring error of detail or some statement which lacks clearness or completeness.

The discussion of wages seems to follow Clark's specific productivity theory. It is a striking fact that few authors are altogether fair in their statements as to the productivity of labor. It is not brought out that labor productivity is dependent not alone on the ability and skill, the personal efficiency of the laborer, but quite as much upon the kind of tools with which he works, the arrangement and condition of tools and machines, the way in which the work comes to him, the organization of the plant in which he works, managerial ability, and other factors that are entirely beyond the control of the laborer himself.

The statement of cost is not at all clear and in two places seems to be contradictory. In one place wages are construed as the only cost, for the authors say: "If wages are higher than the productivity of labor—that is, if the cost of production is greater than the selling price of the product—the marginal producer has to go out of business; he is 'bankrupt'" (p. 276). A few pages later we read: "Wages and interest make the cost of production; when prices fall below the marginal cost of production the marginal producer stops producing" (p. 299). Now of what cost are the authors speaking: ultimate cost, that is, cost in the form of human effort, or entrepreneur cost? It would seem from the context that they had in mind the latter, but if so there are many things which figure into cost besides wages or wages and interest—for example, expenses of raw materials, rent, insurance, taxes, depreciation, bad debts, and perhaps non-insurable business risks. From the angle of wages alone we find that the ratio of wages to total expenses varies all the way from 20 per cent in some enterprises to about 80 per cent in others.

If we keep in mind the fact that the book is written for high school pupils and is intended merely as a survey of current economic, political and social institutions, the errors which appear in the statement of theoretical principles may be pardoned. The book, in spite of some faulty technique, has many things to commend it, and on the whole seems to me very well adapted to its purpose. It should be generously received and because of its teachable quality will undoubtedly earn well-merited enthusiasm.

EVERETT W. GOODHUE.

Dartmouth College.

Social Change. By WILLIAM FIELDING OGBURN. (New York: B. W. Huebsch, Inc. 1922. Pp. xii, 365. \$2.00.)

The nature versus nurture controversy receives an important contribution in this book, though its literary style is so forbidding as to demand considerable perseverance on the part of the reader. Its concrete application is to those problems which arise from the maladjustment of the different elements of culture, or the lack of adjust-

ment between culture and human nature; and with a methodology that one wishes were more general, Professor Ogburn devotes a large part of his work to an analytic investigation of the factors of social change.

After developing the distinction between the cultural and the biological or psychological factors, the author reviews in detail the evidence as to their operation, giving especial attention and illustration to the cumulative nature of material culture. In this field he exhibits a marked reaction against the alleged overemphasis of the biological factor: a reaction that seems to err on the side of the other extreme. Professor Ogburn's position is indicated in such passages as the following:

While the biological evolution in man within the past 25,000 years is problematical and has not been proved there has certainly been a great development in culture....If material culture grows through selective accumulations and inventions.....it seems to be possible theoretically for the development of culture to have been what it has been without the occurrence of any biological evolution in man during the process....Man is the same biologically as he was in the late ice age while his culture has suddenly become vastly different.

About so broad a conclusion one feels a little uneasy. Allowance may be made for the proverbial difficulty of proving a general negative; but there are features of the positive side of the argument that cause some hesitation. Having, for example, very cogently demonstrated the fact and the nature of cultural accumulation, one finds Professor Ogburn substituting without further comment the terms cultural growth, cultural development, cultural evolution. Apart from the fact that the author omits from his survey any of the historic cases of cultural regression, one wonders whether his perspective is not unduly influenced by recent changes in material culture only. Cultural accumulation does not necessarily constitute cultural evolution in any sense comparable to a biological process. It may be of no more fundamental significance than the expansion of a given mathematical series in an equation—the sort of projection, be it remarked in passing, that it is becoming more and more the business of the social economist to predict. Even, therefore, were it proved that a given phase of cultural change had proceeded without biological evolution, the legitimacy of so wide a generalization as Professor Ogburn's might be doubted.

A further difficulty lies in the fact that we have no such common ground for comparing the magnitudes of biological and cultural differences as is posited in an argument of this nature. Pragmatically, the significance of a very slight biological modification—a modification far too slight to be discernible in the long vistas of evolutionary time—may be strictly commensurable with the most striking changes in

culture. This is partially admitted by Professor Ogburn in a passage commenting upon the wide cultural variations among the American Indians, whose racial homogeneity he regards as established. "It may be argued that even within a people of the same racial type a slight biological variation in mental ability may account for vast cultural differences. But this remains unproved for the American Indian and the variation in inherent mental ability is unmeasured." This leaves the argument in an unsatisfactory condition. If, it may be asked, in a field where the data are comparatively accessible, no commensurable ratio between biological and cultural differentia can be established, how can the influence of the former safely be excluded from historical periods so great as to render their detection in any case almost impossible? Moreover, the detection of biological change is no such simple matter. Like recognizes like. Variations in known faculty are difficult enough to isolate; but it is possible—as, for example, in the group of faculties now termed psychic—that there have been, or may be, important variations whose nature and effects modern occidental man is not equipped to recognize and identify. "Since the last ice age," says Professor Ogburn, "there may also have been changes in the structure of the brain or the nervous system." The admission is wider and more destructive of his thesis than the author appears to realize.

One further point of criticism must be noted. Having come to think in terms of cultural 'evolution,' the author is naturally predisposed to assume that the lack of proof of a corresponding biological evolution is sufficient for his thesis. This too is questionable. Absence of proof of biological evolution does not warrant the assumption of biological uniformity. Biological change may still exist; and even if it take the form of simple oscillatory variation, the necessary lack of coincidence with a cumulative and intermittent cultural process would suffice to produce a series of almost inassimilable correspondences, that could in no case be rationalized on the basis of the latter process only.

With the discussion of cultural inertia Professor Ogburn enters a less controversial field. His demonstration of the failure of adaptive culture to keep pace with the changes of material culture is on the whole clear and convincing, and few will quarrel with the conclusion that "it is thinkable that the piling up of these cultural lags may reach such a point that they may be changed in a somewhat wholesale fashion." The concluding portions of the book are, however, somewhat disappointing. The survey of the psychological evidence of individual maladjustment adds little of a constructive nature to the work of the specialists in this field; and an acceptance of the main thesis of the book is not necessary to the conclusion that for immediate purposes cultural modification is more practicable than biological. Professor

Ogburn's sole specific is recreation; but as he questions the possibility of any marked curtailment of the hours of labor, and gives us only the most cursory examination of the social and psychological effects of certain so-called recreational activities, the value of the suggestion is not great. The book is essentially a contribution to theory, not practice; but as such its logical arrangement and conscientious treatment of its theme deserve attention.

WILLIAM ORTON.

Smith College.

Practical Economics. By HENRY P. SHEARMAN. (New York: McGraw-Hill Book Company. 1922. Pp. viii, 388. \$2.50.)

This volume has been prepared primarily to meet the needs of business men. The author disclaims any intention to recast standard economic theory. Rather he has endeavored to state this theory in simple language, as concisely as possible, and to point out its practical applications with illustrations drawn from modern business practice. In this endeavor he has made diligent and effective use of the publications of the United States Bureau of Labor Statistics; the Federal Trade Commission; the United States Tariff Commission; and to a smaller extent, of *Printers' Ink*. Liberal use is made of charts and statistical tables. Each chapter is followed by a brief list of test questions and in most instances by a longer list of references with parallel chapters indicated. There is no attempt to evaluate critically these references. In view of the wide range in the content and character of the works listed and the audience addressed, such discrimination would seem highly desirable. The volume is very attractively printed and it is regrettable that it should be marred by faulty proof-reading. A notable instance is the statement that the cost of living for the average family rose 16.5 per cent from 1913 to 1920 (p. 326).

The first part of the book covers factors in production; the second, exchange, value and prices; and the third, distribution. Economic problems have been excluded in favor of a more adequate discussion of principles; room is made for a discussion of monetary problems; a chapter is devoted to banking; and foreign exchange is briefly considered as a rather forced inclusion in a chapter concerning the causes and effects of price changes. It is presumably a desire to simplify the treatment that dictates the prominence given to that old foe of incisive analysis and vigorous thought, "demand and supply." In the treatment of value this is a mere surface prominence. Marginal utility has clear statement and in general the discussion is stimulating and comprehensive. As much can hardly be said for the author's treatment of distribution. In a volume of nearly four hundred pages less than a quarter is given to this involved and abstruse theory. For explana-

tion of the questions involved, reliance is placed almost entirely on the demand and supply formula. The treatment can hardly be said to be complete. For example in the discussion of wages, factors on the demand side are given as: "the demand for labor's products; the efficiency of the worker; the efficiency of the other factors in production; and the supply of and the demand for the other factors that compete with it for employment" (p. 333). The discussion hardly gets beyond questions of relative wages and leaves the problem of the general wage level untouched.

It is refreshing to find in a book intended for the business community a sturdy attack on the growth of monopoly, an equally positive defense of labor's right to organize and an informed sympathy with the hardships that frequently fall in our progressive society to the share of the consumer and the wage-earner. A case in point is the plea for the "martyrs to progress" who bear the brunt of the changes incident to the introduction of inventions and changed organization which "enrich society as a whole." Has not the time arrived when the society may be expected to make liberal provision out of these riches for those on whom progress imposes heavy and undeserved burdens and losses?

CHARLES E. PERSONS.

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College of Business Administration.*

The Theory of Marginal Value. By L. V. BIRCK. (London: George Routledge and Sons. 1922. Pp. 351. 14s.)

This scholarly work by Professor Birck, of the University of Copenhagen, treats of the methods and fundamental concepts of the marginal theory with applications to specific problems and especially to the incidence of taxation. It is announced as consisting of nine lectures delivered at the London School of Economics and Political Science, but it seems impossible that the material here presented could have been crowded into so short a course. It is an exceedingly thorough piece of work. The infinitesimal calculus has not been employed but the utmost attainable by simple algebraic methods and by graphs has been achieved. If it were not for the warning example of John Stuart Mill's one great lapse into overconfidence, we should be disposed to say that so far, at least, as competitive values are concerned, there is nothing "which remains to clear up, the theory of the subject is complete." The impression given and intended to be given is that our most inviting problems will appear in the field of monopoly values and the "ideal prices" established by governmental policies. We catch frequent glimpses of a paternal state promoting welfare by tariffs and excises, by price regulation and the rate policies of government industries. Not that such things are advocated by our author. *Il ne*

proposer rien, il expose. In the present work at least, he employs hypothetical examples of state activity only as a means of elucidating economic theory. But the very fineness of his analysis discourages the idea that it deals with practical possibilities of this rude world.

The first chapter plunges us fairly into hedonistic preconceptions but, after the idea of subjective value is reached, the "psychological scaffolding" is dropped, and we "operate with tangible factors, the respective ratios of exchange of buyer and seller." After all it does not make much difference what psychological phraseology is adopted in the study of market phenomena, if we stick to the obvious fact of human choice according to certain schedules. Only those with a very keen and disapproving scent for obsolete psychologies will be at all disturbed by the occasional traces of hedonistic influence in Professor Birck's analyses.

An important position in the price-making process is assigned to the "marginal utility of income," the utility purchasable with the individual's last shilling. This is represented as the smallest utility which he gets. If however the author had not refused to consider infinitesimal increments of utility, it would have been possible to think of a series or line of last shillings, equal in utility, and marking for the individual consumer the margin of *all* his different directions of expenditure. To think of a line of this nature, rather than of a point, would have the didactic advantage of exhibiting clearly the relation between the prices of the different commodities purchased by any given group of consumers. In this connection it may be remarked that the title "Connected prices," given to the chapter treating of joint and competing demand and supply, is misleading, because it implies that there may be goods entirely independent of other goods in price.

In his last chapter "The price of the technical components" Professor Birck ushers us into the first approaches to a vast and intricate subject, indicates some paths to be followed, and then bows himself out with a reference to a forthcoming second volume. He rejects the method of marginal productivity (or, as he prefers to call it, marginal *rentability*) and employs instead Wieser's calculation of the value of productive factors from a set of simultaneous equations based on known combinations of the factors and known prices of the products. Is this really a solution of the problem? Does it not assume the equilibrium of the entire system of prices which is to be explained? The author repeats Wieser's argument that a summation of the productive contributions of the separate factors would give a value in excess of that of the product. He cites parenthetically, but pays no further attention to, Zeuthen's objection that the examples used in support of the argument give no price-determining marginal units but assume

a certain composition of factors. A few pages further on (p. 334) he himself employs the method of marginal productivity to explain the value of a machine. He supplements Wieser's formula for the value of technical components by showing the action of the cost of producing the components, but suggests that to give an adequate account we must examine "the relative position of monopoly of the components and we shall then find that the distribution of income is not dependent upon the technical ability of the components, but on their relative positions of monopoly." These are matters to be discussed in the next volume, but the reviewer wishes to protest in advance against a tendency to call a position of "relative scarcity" a monopoly. Objection should also be made to a terminology which makes no distinction between differential and monopoly profits.

It is impossible within the limits of a review to comment on Professor BircK's many applications of the marginal theory. In his hands it becomes a powerful means of analysis. The faint of heart will not follow him. The real student, however, will look forward eagerly to the promised second volume, of which, let us hope, there will be an English version.

G. A. KLEENE.

Trinity College.

NEW BOOKS

- ADLER, A. *Leitfaden der Volkswirtschaftslehre zum Gebrauche an höheren Fachschulen und zum Selbstunterricht*. Ninth edition. (Leipzig: G. J. Gebhart. 1922. Pp. vi, 308.)
- ANSIAUX, M. *Traité d'économie politique*. Vol. II, *Prix et revenus*. (Paris: Giard. 1923. Pp. 661. 30 fr.)
- BUCHARIN, N. *Theorie des historischen Materialismus*. Gemeinverständliches Lehrbuch der Marxistischen Soziologie. (Hamburg: Carl Hoym Nachf. 1922. Pp. ix, 372.)
- CONRAD, J. *Grundriss zum Studium der politischen Oekonomie*. Teil 3. *Finanzwissenschaft*. Ninth enlarged edition, revised by HANS KÖPPE. (Jena: Fischer. Pp. viii, 527.)
- DE STEFANI, A. *Economia politica, parte generale*. (Padua: La Litotipo Edit. Univ. Pp. 227. 18 l.)
- ECKARDT, P. *Die Grundlehren der Volkswirtschaft*. Second edition. (Hannover: Th. Schulze. 1923. Pp. 48.)
- ELSTER, L. and others. *Handwörterbuch der Staatswissenschaften*. Fourth edition. (Jena: Fischer. 1923.)
- GREENBAUM, L. *Mind and money; a textbook on spiritual economics; or, the cosmic laws of wealth and success*. (Los Angeles: Open Vision School of Truth. 1923. Pp. 128. \$2.)
- GRUNTZEL, J. *Allgemeine Volkswirtschaftslehre*. Seventh, revised edition. (Vienna: Hölder-Pichler-Tempsky A. G. 1922. Pp. v, 163.)

- HASBACH, M. *William Thompson. Beiträge zur Geschichte der National-ökonomie*, Heft 3. (Jena: Fischer. 1922. Pp. x, 228.)
- HERTZLER, J. O. *The history of utopian thought*. (New York: Macmillan. 1923. \$3.)
- KEFELI, M. O. *The theory of the high cost of living*. Translated from Russian by V. RAIEVSKY. (Berlin: E. Ebering. 1923. Pp. 66.)
- LANDAUER, C. *Grundprobleme der funktionellen Verteilung der wirtschaftlichen Wertes*. (Jena: Fischer. 1923. Pp. iii, 253.)
- LEROY, L. M. *Auguste Walras, économiste, sa vie, son oeuvre*. (Paris: Lib. Générale de Droit et de Jurisprudence. Pp. 389. 12 fr.)
- LEWIŃSKI, J. ST. *Zasady ekonomji politycznej*. (Warsaw, Poland: Naklad Gebethnera i Wolffa. 1923. Pp. xii, 303.)
- LUTZ, H. L. and STANTON, B. F. *An introduction to economics*. (Chicago: Row, Peterson and Company. 1923. Pp. vi, 533.)
- MCPHERSON, L. G. *Human effort and human wants. An interpretation of economic activity in relation to human life*. (New York: Harcourt, Brace and Company. 1923. Pp. xii, 318.)
- NICKEL, K. E. *Der Grundbegriff wirtschaften. Grundlegung zu einem neuen System der gesamten Wirtschaftswissenschaft*. (Greifswald: Buchvertrieb von Nickel. 1922. Pp. x, 42.)
- OSWALT, H. *Vorträge über wirtschaftliche Grundbegriffe*. (Jena: Fischer. 1922.)
- SARTORIUS VON WALTERSHAUSEN, A. *Einführung in die Volkswirtschaftslehre. Geschichte, Theorie und Politik*. (Leipzig: B. G. Teubner. 1922. Pp. viii, 283.)
- SCHWIEDLAND, E. *Volkswirtschaftslehre. Dreißig Vorlesungen*. Three vols. Vol. II. *Die Gebiete der wirtschaftlichen Tätigkeit*. Third edition. (Stuttgart: Verlag von W. Kohlhammer. 1923. Pp. iv, 217.)
- SODDY, F. *Cartesian economics: the bearing of physical science upon state stewardship*. (Fleetville, St. Albans, England: J. W. Vernon. 1922. Pp. 24. 6d.)
- SOREL, G. *Introduction à l'économie moderne*. (Paris: Rivière. 1922. 9 fr.)
- STEIN, L. *Die soziale Frage im Lichte der Philosophie. Vorlesungen über Soziologie und ihre Geschichte*. Third and fourth revised editions. (Stuttgart: Verlag von Ferdinand Enke. 1923. Pp. xxi, 592.)
- STRUTZ, G. *Grundlehren des Steuerrechts*. (Berlin: Hermann Sack. 1922. Pp. 141.)
- TRUCHY, H. *Cours d'économie politique*. Vol. I. Second edition. (Paris: Tenin. 1923. Pp. 490.)
- WOLFRAM, M. *Leitfaden der Volkswirtschaftslehre*. (Reichenberg: Paul Sollors Nachf. 1922. Pp. 215.)
- Grundriss der Sozialökonomik*. II. Abteilung. I. Teil: *Wirtschaft und Natur*. II. Teil: *Wirtschaft und Technik*. Second revised edition. (Tübingen: Verlag von J. C. B. Mohr. 1923. Pp. vi, 309; vi, 220.)

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Fourth edition. (Jena: Fisher. 1923. Pp. 961-1068.)

Economic History and Geography

NEW BOOKS

- ANDERSON, B. M. *Underlying factors in the business situation.* Chase Economic Bulletin, March 27, 1923. (New York: Chase National Bank. 1923. Pp. 32.)
- BECK, O. *Die Wirtschafts-Gebiete an der Mittel-Donau vor dem Kriege.* (Vienna: Verlag für Fachliteratur. 1922.)
- BEER, M. *Allgemeine Geschichte des Sozialismus und der sozialen Kämpfe.* Teil 4: *Die Zeit von 1750-1860.* (Berlin: Verlag für Sozialwissenschaft. 1922. Pp. 112.)
- BEMIS, S. F. *Jay's treaty. A study in commerce and diplomacy.* Knights of Columbus historical series. (New York: Macmillan. 1923. Pp. xvii, 388. \$3.25.)
- BLOEMERS, K. *William Thomas Mulvany (1806-1885).* (Essen a.d.R.: G. D. Baedeker. 1922. Pp. xv, 218.)
- BOWMAN, I. *The new world. Problems in political geography.* (Yonkers-on-Hudson, N. Y.: World Book Co. 1921. Pp. vii, 632. 215 maps, 65 engravings.)

As a geographer I am pleased to present this book to the economists and to the historians to whom geography is a subject of great and often unappreciated importance. The cause of this inadequate appreciation lies with the geographers, not the economists and historians. The trouble is that we (geographers) have not yet sufficiently worked our mine, brought out our metal, refined it, fashioned it into usable shapes.

Dr. Bowman has made a contribution to fill this need. He has opened and worked a new vein of ore. He has advanced the cause of geography and enriched the fields of history and economics by using these three fields of knowledge to help explain the complex of national and international problems outside of the United States which have made the world so uneasy since Armistice Day of 1918. Why did Jugoslavia invade Albania before either country had been able to start recovery from the World War? I turned to Bowman to find out and the explanation was there. What is the old Chilean-Peruvian quarrel which has festered this forty years and which kept Washington so uneasy during a recent conference? Bowman tells. In similar fashion I expect him to explain at least five of the next six international flareups, so I keep the book within easy reach. We think things are changing rapidly but this book nearly always explains what is happening.

A journalist of wide experience says this is the handbook of the political realist. A critic says it is only current political history. I wish to present it as a close approach to real political geography, which may be defined as the study of those problems which have a geographic basis and which must be solved by political means if solved at all. There are also many bits of economic geography in the brief analyses of the economic positions of states, regions, and groups of people. This work is one of great difficulty because of the vast area covered and the great complexity

and amount of material involved, but Dr. Bowman had unusual opportunities in that he was the chief of scores of workers who spent months in preparing material for use at the Paris Conference. Months of service at the Peace Conference were further preparation of great value.

The service of the book is attested by its very speedy adoption as a text in a wide variety of college courses. As a piece of book making it is excellent. It has well-chosen and well-executed illustrations and such a wealth of black and white maps, many of them original, that the financial prospects of the book must be imperiled by the unusual burden of their cost.

J. RUSSELL SMITH.

BRENTANO, L. *Die Urheber des Weltkriegs.* (München: Drei Maskers Verlag. 1922.)

A political work with economic bearings, especially as to the freedom of the press.

BRIGHAM, A. P. *Commercial geography.* Revised edition with questions. (Boston: Ginn & Co. 1922.)

BRINKMANN, C. *Die preussische Handelspolitik vor dem Zollverein und der Wiederaufbau vor hundert Jahren.* (Berlin: Vereinigung Wissenschaftlicher Verleger. 1922. Pp. vi, 242.)

BRINCKMEYER, M. *Hugo Stinnes. L'évolution économique de l'Allemagne.* (Paris: Plon, édit. Pp. xxiv, 113.)

BRODERICK, J. J. *Report on the economic, financial and industrial conditions of the United States of America in 1922.* Issued by the Department of Overseas Trade. (London: H. M.'s Stationery Office. New York: Oxford Univ. Press. 1923. Pp. 206. \$1.25.)

BÜCHER, K. *Beiträge zur Wirtschaftsgeschichte.* (Tübingen: H. Lauppsche Buchhdlg. 1922. Pp. vi, 462.)

CAILLAUX, J. *Whither France? Whither Europe?* (New York: Knopf. 1923. Pp. xi, 184. \$2.50.)

Chapter 3 deals with economic Europe, and chapter 4 with the economic and financial situation of France.

CALMAN, A. R. *Ledru-Rollin and the second French Republic.* (Columbia University studies in history, economics, and public law, vol. CIII, no. 2. (New York: Longmans, Green & Co. 1922. Pp. 452.)

CHISHOLM, G. G. and BIRRELL, J. H. *A smaller commercial geography.* New edition. (New York: Longmans, Green & Co. 1923. Pp. xiv, 302. 5s.)

COLBY, C. C. *Source book for the economic geography of North America* (Chicago: Univ. of Chicago. 1922. Pp. xvi, 460. \$3.)

CRESSY, E. *Discoveries and inventions of the twentieth century.* (New York: Dutton. 1923. Pp. xxiii, 458. \$5.)

D'ALIA, A. *Il Belgio nei suoi vari aspetti.* (Bologna: Nicola Zanichelli. 1923. 15 l.)

DAS, T. *India in world politics.* (New York: B. W. Huebsch. 1923. Pp. xvii, 185. \$1.25.)

Introduction by Robert Morss Lovett indicates the object of the book

as follows: "It is the special merit of Mr. Das' book that he brings out, largely by citations from British authorities, the extent to which the foreign policy of Great Britain has been determined by the possession of India. . . . The freeing of India would go farther than any other conceivable action toward the settling of the question of imperial control throughout the world."

DAYET, M. *La renaissance économique de l'Allemagne*. (Paris: Presses Univ. de France. 1922. 6 fr.)

DEFRESNE, A. and EVRARD, F. *La subsistance dans le district de Versailles de 1788 à l'an V. T. II*. (Rennes: Oberthür. 1922. Pp. 583.)

DELOCHE, M. *La crise économique au XVI^e siècle et la crise actuelle*. (Paris: Plon-Nourrit & Cie. 1922. Pp. 64. 4 fr.)

DEMANGEON, A. *L'Empire Britannique. Etudes de géographie coloniale*. (Paris: Lib. Armand Colin. 1923. Pp. viii, 280. 7 fr.)

A résumé of the development of the British Empire from its beginning, with remarks on some of the problems of imperialism and on the difficulties of the Empire in connection with India, Canada, and other dependencies.

DOPSCH, A. *Die Wirtschaftsentwicklung der Karolingerzeit vornehmlich in Deutschland*. Vol. II. (Weimar: Hermann Böhlau Nachfolger. 1922. Pp. 440.)

FUCKNER, E. *Russlands neue Wirtschaftspolitik*. Abt. I: *Recht und Wirtschaft*, Heft 5. (Leipzig: B. G. Teubner. 1922. Pp. vi, 54.)

GARDINER, A. G. *Life of Sir William Harcourt*. Two vols. (London: Constable. 1923. 45s.)

HAYS, A. G. *Enemy property in America; a survey of the Trading with the Enemy act, the decisions of the court under that act, the traditions and policies of the United States government with regard to enemy property, etc.* (Albany, N. Y.: M. Bender. 1923. Pp. xii, 396. \$6.)

HERTZ, R. *Das Hamburger Sechandelshaus J. C. Godeffroy und Sohn 1766-1879*. Veröffentlichungen des Vereins für Hamburger Geschichte, Bd. 4. (Hamburg: Paul Hartung. 1922. Pp. 72.)

HILLMAN, S. *Reconstruction of Russia and the task of labor*. An address before the Fifth Biennial Convention of the Amalgamated Clothing Workers of America, Chicago, 1922. (New York: Amalgamated Clothing Workers of America. 1922. Pp. 64.)

HUDECEK, K. *The economic resources of Austria*. Authorized translation by JULIA F. FIEBEGGER. (London: Dawson. 1923. Pp. 74.)

KLAATSCH, H. *The evolution and progress of mankind*. (New York: Stokes. 1923. Pp. 316. \$8.50.)

KORFF, S. A. *Autocracy and Revolution in Russia*. (New York: Macmillan. 1923. Pp. viii, 161. \$1.50.)

Represents the "N. W. Harris Lectures" at Northwestern University. The author is professor of political science, School of Foreign Service, Georgetown University. The chapter contents are as follows: Autocracy, The Russian peasant, The Russo-Japanese War, The events of the Revolution, Germany and the Russian Revolution, Some lessons of the Russian Revolution.

- LEA, J. W. *Britain's decline: her economic disorder and its only remedy.* (Birmingham, England: Cornish Brothers, 39 New St. 1923. 1s.)
- LEFEBVRE, G. *Documents relatifs à l'histoire des subsistances dans le district de Bergues pendant la Révolution (1788-an V).* Vol. II. (Lille: Camille Robbe. 1921. Pp. 704.)
- McVEY, F. L. *Modern industrialism: an outline of present-day industrial organization.* Second edition. (New York: Appleton. 1922. Pp. xvi, 358.)
First edition was published in 1904. The author has not only added new paragraphs, but three chapters on the Orient and the West, taxes, and the widening circle of democracy in industry.
- MAGER, F. *Die natürlichen Grundlagen seiner Wirtschaft eine Quelle deutscher Kraft.* (Hamburg: L. Friederichsen & Co. 1922. Pp. viii, 176.)
- MARVAUD, A. *L'action économique française en Espagne.* (Paris: Société d'Etudes et d'Informations Economiques, 282 Blvd. Saint-Germain. 1922. Pp. 91.)
- MASTERMAN, C. F. G. *England after war, a study.* (New York: Harcourt, Brace. 1923. Pp. xv, 311.)
Chapter 4 deals with labor, and chapter 6 with profiteers. The volume is written in attractive style.
- MELOT, A. *La vie économique en Pologne.* (Paris: La Pologne, Rue de Poitiers, 71. 1922.)
- MILIUKOV, P. N. *Russia today and tomorrow.* (London: Macmillan. 1922. Pp. 403. 9s.)
- MITFORD, A. H. *An economic survey of present-day Russia.* (London: Assoc. of Secretaries of British Chambers of Commerce. 1923.)
- MUKHERJEE, B. B. *Economic reconstruction.* (Lucknow, India: Author, Univ. of Lucknow. 1923. Pp. 41-64.)
Reprinted from the *Lucknow University Journal.*
- MÜLLER, H. *Geschichte der Arbeiterbewegung in Sachsen-Altenburg (1848-1919).* (Jena: Thüringer Verlagsanstalt u. Druckerei. 1923. Pp. vii, 127.)
- PILENCO, A. *La législation soviétique et la Conférence de la Haye.* (Paris: Giard. 1922.)
- POPESCO, G. *Le relèvement économique de la Roumanie.* (Paris: Lib. Félix Alcan. 1922. Pp. 76. 3.50 fr.)
- RASIN, A. *Financial policy of Czecho-Slovakia during the first year of its history.* (Oxford: Clarendon Press. 1922. Pp. 160.)
- ROUFF, M. *Les mines de charbon en France au XVIIIe siècle.* (Paris: Riéder. 1922. 35 fr.)
- SARTORIUS VON WALTERSHAUSEN, A. *Deutsche Wirtschaftsgeschichte 1815-1914.* Second edition. (Jena: Fischer. 1923. Pp. x, 636.)
- SCHLIER, O. *Der deutsche Industriekörper seit 1860. Allgemeine Lagerung der Industrie und Industriebezirksbildung. Part II: Die deutsche Industrie seit 1860.* Heft 1. (Tübingen: Mohr. 1922. Pp. viii, 80.)

- SLOWINSKI, L. *Die wirtschaftliche Lage und Zukunft der Republik Polen.* (Berlin: Deutsche Verlagsgesellschaft für Politik und Geschichte. 1922. Pp. 132.)
- SOLTAU, R. H. *French parties and politics.* "World of today" series. (New York: Oxford Univ. Press. 1923. Pp. 78. 85c.)
Chapter 4 is entitled "The radical party in power, 1899-1914."
- THWING, C. F. *Human Australasia. Studies of society and education in Australia and New Zealand.* (New York: Macmillan. 1923. Pp. 270. \$2.50.)
Contains chapters on industrial experimentation and unrest and the population of Australia.
- VON UNGERN-STERNBERG, R. *Frankreichs wirtschaftliche Lage.* (Berlin: Verlag für Sozialwissenschaft. 1923. Pp. 48.)
- VALOIS, G. *La reconstruction économique de l'Europe.* (Paris: Nouvelle Lib. Nationale. 1923.)
- VIALATE, A. *Economic imperialism, and international relations during the last fifty years.* The Institute of Politics publications, Williams College. (New York: Macmillan. 1923. Pp. xv, 180. \$2.)
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- L'impérialisme économique, et relations internationales pendant le dernier demi-siècle (1870-1920).* (Paris: Lib. Armand Colin. Pp. x, 316. 8 fr.)
Lectures given at the Institute of Politics at Williamstown in 1921; a very lucid account of the changes in international relations since 1870, and of the economic causes which lie at the back of them.
- WEBER, G. A. *The coast and geodetic survey. Its history, activities and organization.* Institute for Government Research, service monographs, no. 16. (Baltimore: Johns Hopkins Press. 1923. Pp. xii, 107. \$1.)
- WELS, O. *Die Sozialdemokratie gegen Poincaré und Helfferich.* (Berlin: Verlag für Sozialwissenschaft. 1923. Pp. 16.)
- WILLIAM, M. *The social interpretation of history: a refutation of the Marxian economic interpretation of history.* (London: Allen and Unwin. 1922. 10s. 6d.)
- WISSLER, C. *Man and culture.* Social science series, edited by SEBA ELDRIDGE. (New York: Thomas Y. Crowell Co. 1923. Pp. xi, 371. \$2.75.)
- Boston, an old city with new opportunities.* (Boston: Chamber of Commerce, Bureau of Commercial and Industrial Affairs. 1922. Pp. 64.)
A pamphlet with brief statistical summaries relating to manufactures, stores, railroad facilities, etc.
- Social and economic conditions in the Dominion of Canada.* The Annals, May, 1923, vol. CVII, no. 196. (Philadelphia: American Academy of Political and Social Science. 1923. Pp. 367.)
- Die wirtschaftliche Entwicklung der Stadt Magdeburg seit Beendigung des Krieges.* (Magdeburg: Statistisches Amt. 1922. Pp. 87.)

Agriculture, Mining, Forestry, and Fisheries

Efficient Marketing for Agriculture: Its Services, Methods, and Agencies. By THEODORE MACKLIN. (New York: The Macmillan Company. 1921. Pp. xviii, 418.)

For many reasons the subject of marketing has become very important in recent economic discussion. For equally well-known reasons 90 per cent of the discussion of the problems of agriculture in America during the last few years has been concerned with agricultural economics. Of these problems the marketing of farm products has received by far the most attention. The present propaganda for coöperative marketing by farmers, the legislative program of the farm bloc in Congress, the four volume report of the Commission of Agricultural Inquiry, the organization of the Bureau of Agricultural Economics in the United States Department of Agriculture, the establishment of divisions or departments of marketing, headed by marketing directors, more or less closely affiliated with the state departments of agriculture in thirty or more states, and other "signs of the times," emphasize the growing importance of this subject both to farmers and to the nation as a whole.

Not least among the evidences of popular interest are the recent numerous textbooks which deal in whole or in part with the marketing of farm products. No fewer than a dozen books dealing with agricultural commerce have appeared within the last three years. Of these it is safe to say that none has had a wider reading than the book under consideration.

This text confines itself closely to the market for farm products and deals almost summarily with farmers' commercial organizations and with the transportation service. Very little attention is given to produce exchanges, speculation, future trading, organizations of middlemen, tariff and other topics intimately related to marketing. The viewpoint throughout is that of the farmer. The retailer and the consumer are not entirely ignored and the functions of government are briefly analyzed, but the title of the book very well indicates its contents.

The author approaches the general subject from three points of view: the marketing functions and services, marketing methods, and marketing agencies. The weaknesses of the present marketing system are summarized; the functions of government in relation to marketing farm products are briefly analyzed; certain remedial measures are indicated; and one chapter is devoted to price making.

The analysis of the marketing service occupies one half or more of the volume. It is presented in greater detail than in any other book on marketing and is illustrated by a wealth of data on specific products.

Students of economics differ in their lists of marketing functions and in their terminology. Most of them include risk taking as a distinct service. Macklin omits it. On the other hand he devotes two chapters to "distributing" by which he means getting the product from producer to consumer. Retailing is, of course, an indispensable part of the distributing service, but the entire movement from farm to consumer is included in his conception. Thus "distribution" seems to comprehend and depend upon the other functions, processing, packaging, transporting, etc., which he has previously discussed as separate entities. It is unfortunate that the already over-worked terms "distribution" and "distributing" should be given a new technical meaning. It not only adds to the "confusion of tongues," but strengthens the charge that economists wrest words from their usual meaning and so bury their conclusions in a jargon intelligible, if at all, only to themselves. At any rate, it is highly desirable that marketing terminology be standardized.

Another case in point is "processing," which is called a marketing service and is defined as that "service which changes raw materials into the finished goods desired by consumers." Logically, this includes the whole manufacturing industry. In a sense, of course, any form of manufacturing may be called a marketing function, but in the interest of definitive terms it would seem wise to distinguish certain minor changes made in the raw materials of agriculture to fit them for consumers from the more elaborate process of manufacturing, by which these raw materials of agriculture entirely lose their identity. Moreover the federal census includes under manufactures such processes as canning, preserving, flour-milling, meat-packing and the like. The author's discussion of the processing function is adequate, and from the farmer's point of view important, but it adds to the confusion of the general reader or the young student who is attempting to build up an economic terminology.

In general, the book is very well written. The most frequent criticism made by undergraduates is that it is written mechanically without human interest or spirit. This is not because of lack of detail and concrete examples, but because these examples are not presented in lively language or in a way to enlist human interest. A number of minor errors and rather amateurish statements are found throughout the book, perhaps indicating the youth of the author. These mar somewhat the finish of the writing, but are not vital. Presumably they will be remedied in future editions to which the book is undoubtedly destined. In many respects it is a genuine contribution to the literature of farm marketing and is thoughtful, scholarly, and analytical. Two of the marked advantages of the book for class

use are the summaries and lists of selected readings at the close of each chapter.

ALEXANDER E. CANCE.

Massachusetts Agricultural College.

Rural Sociology. By JOHN MORRIS GILLETTE. (New York: The Macmillan Company. 1922. Pp. xii, 569. \$3.00.)

There was rejoicing in the camp of the rural sociologists when the announcements told of a "new" book by Dr. J. M. Gillette of Grand Forks, North Dakota. The experience and lessons gained from the former book, *Constructive Rural Sociology* (1913), together with the long service and study of the writer in this field of work became added reasons for this expectation. Professor Gillette in introducing the new book says, "I made a new study of the rural situation with a view to writing an entirely new work in this field. . . . I have sought to make it factual, representative, comprehensive, interpretative and suggestive of improvement."

The book has 26 chapters and is divided into general parts as follows: Rural society and rural sociology, The nature of rural sociology, Conditions and movements of the rural population, Economic conditions and problems, Rural institutions, Town and country, Some special features of rural progress.

To summarize rather sharply, there are two important contributions in addition, of course, to the rather comprehensive and needed restatement of the whole subject. The first is the developing of the evolutionary point of view for rural society and the outlining of the grouping arrangements in community life. The grouping idea together with an analysis of the selective and disintegrating forces at work is not only a highly productive method for understanding rural society but it becomes a contribution in the whole field of sociology since in this rural section some of the general social processes are often more simple and more easily set into relief.

The second contribution lies in the analysis of the conditions and movements of rural population. Here the study of the author has extended back many years and includes a number of his periodical publications. The analysis includes also much of the data made available by the 1920 census as well as some rather detailed independent compilations made, for example, to present the picture of population movements going on in the small towns and villages. Professor Gillette from this analysis generalizes: "The smaller the place the greater is the liability for loss of population. It might appear astounding that in the last decade two-fifths of the smallest villages lost population and that nearly three-tenths of all those under 2,500 are likewise losing." Beside this analysis very able explanations of these tendencies are

made. In order to forge out a real science of rural sociology much more must be done along this line. Much more must be known of this population factor than is at present available from the published reports of the census.

It is with the general part dealing with economic conditions that issue must be taken. This part contains among others, chapters on agricultural production, land policy, marketing and coöperation, and farm management. On the first count this part, occupying over a fifth of the book, may render it impractical as a text where the fields of agricultural economics and rural sociology are even somewhat differentiated as they are in most colleges of agriculture. Frequently full courses are given under such titles as head these single chapters. On the second count, which is more vital, it represents an old difficulty and failure to differentiate the sphere of rural sociology. No one of course would argue for a moment that economic factors and conditions are not inextricably tied up with sociological problems but the point is that rural sociology should differentiate its field, evolve principles and then draw within this system any and all facts which can shed light on these central issues. The red thread of unity by progressive development and correlation should somehow be in evidence all along the way in order to make clear this field as distinguished from its partner social science, agricultural economics.

J. H. KOLB.

College of Agriculture, Wisconsin.

NEW BOOKS

BARTUEL and RULLIÈRE. *La mine et les mineurs.* (Paris: Doin. 1922. 12 fr.)

CONOVER, M. *The Federal Power Commission: its history, activities and organization.* Institute for Government Research, service monographs no. 17. (Baltimore: Johns Hopkins Press. 1923. Pp. xi, 126. \$1.)

DICKEY, J. A. and BRANSON, E. C. *How farm tenants live.* Extension Bull., vol. II, no. 6. (Chapel Hill, N. C.: University Extension Division. 1922. Pp. 47.)

VON EICKSTEDT, C. *Wiederaufbau und wirtschaftsfriedliches Prinzip.* (Berlin: P. Parey. 1923. Pp. 96.)

HOCHSCHILD, M. *Studien über die Kupfererzeugung der Welt.* (Freiberg i. Sa.: Craz & Gerlach. 1922. Pp. 161.)

HOWELL, J. R. *The productivity of hill farming. Being the report of an inquiry in three typical districts.* (London and New York: Oxford Univ. Press. 1922. Pp. 28.)

KENKEL, J. B. *The coöperative elevator movement: a study in grain marketing at country points in the North Central states. A dissertation.* (Washington: Catholic Univ. of America. 1922. Pp. vi, 155.)

KEWLEY, J. *The petroleum and allied industries; petroleum, natural gas, natural waxes, asphalts and allied substances, and shale oils.* (New York: D. Van Nostrand Co. 1922. Pp. 312. \$3.50.)

MENDUM, S. W. *Cost of milk production on forty-eight Wisconsin farms.* U. S. Dept. of Agri. Bull. no. 1144. 1923. 5c.)

MIDDLETON, T. H. *Food production in war.* Carnegie Endowment for International Peace, Economic and social history of the World War, British series. (London and New York: Oxford University Press. 1923. Pp. xix, 373.)

Those who are concerned with the possibilities of an expansion of the food supply in a given country during war, or with the desirability of producing as high a percentage as possible of the regular supply during peace will find this volume both interesting and instructive. Mr. Middleton gives a clear picture of the food situation in England at the beginning of the World War together with comparisons in the matter of both policies and results during earlier periods. The laissez faire policy had resulted in withdrawing labor from agriculture to such an extent as to make grass farming more profitable than tillage. In recent years in the United Kingdom there were some 34,000,000 acres of grass and clover, with but 12,000,000 acres tilled in the usual balance. The war resulted in an increase in grain and other cultivated crops at the expense of grass.

The outcome of this transition was an increase in the food supply of the nation, home grown, of some 24 per cent, an addition sufficient for the nation during a period of about thirty days. Even so, the whole supply produced was at the greatest but 42 per cent of the amount required.

To an outsider it hardly seems of great importance whether a nation produces 34 per cent or 42 per cent of its food except in times of calamity. To the writer of the monograph the question seems a serious one. If the food produced at home is to be viewed in the light of a supply inside a fort during a siege it must at once be conceded that a difference of a few months' sustenance may be vital.

Left to their own devices the English farmers, according to the author, will return to about the old balance between tillage and grass. It is conceded that a food control department with real authority might be a good thing for the country, though politically not feasible. As a possible alternative it is suggested that out of the 34,000,000 acres in grass perhaps not far from 6,000,000 is marginal, from the profit standpoint, and might be pulled over into the tillage area by political force. One is a little surprised, however, that the author does not suggest the tariff as the most available remedy. Instead he suggests a relief, to what degree is not given, in the form of lighter taxes on tilled land. This is a concession in the nature of insurance since the author believes tillage, on this particular land, likely to be as profitable over a considerable period of years as grazing, but attended with much more risk.

B. H. HIBBARD.

OSTERMAYER, A. *Grundlagen der Wirtschaftslehre der Landbaues.* (Vienna: C. Gerolds Sohn. 1923. Pp. x, 176.)

PELOSSE, J. *Rapport sur la s riciculture en Syrie.* (Lyon: Chambre de Commerce. 1923.)

SKINNER, W. R. *The mining manual and mining yearbook, 1923.* (London: Author. 1923. 20s.)

- STROWBRIDGE, J. W. *Farm and terminal market prices: wheat, corn, and oats, crop movement year 1920-21*. U. S. Dept. of Agriculture, bull. 1083. (Washington: Gov. Prtg. Office. 1922. Pp. 58.)
- WALTER, H. *Geschichte der deutschen Landwirtschaft. Für den Schulgebrauch dargestellt*. Third revised edition. (Bautzen: Emil Hübners Verlag. 1922. Pp. iv, 91.)
- WICKSON, E. J. *Rural California*. (New York: Macmillan. 1923. Pp. 399. \$2.50.)
- WYMER, S. S. *The Smithsonian Institution's study of natural resources applied to Pennsylvania's resources, based on latest government data*. (Columbus, O.: Author. 1922. Pp. 150.)
- Chart of the Mexican oilfields, 1923*. (London: Edward Stanford, Ltd. 1923.)
- Handbuch für die Internationale Petroleum-Industrie*. (Berlin: Finanzverlag. 1923. Pp. xxix, 560.)
- The Jewish Agricultural Society, Inc., annual report for the year 1922*. (New York City: Jewish Agri. Soc., 174 Second Ave. 1923. Pp. 71.)
- Report of the Committee on Agriculture*. (London: Ministry of Agriculture. 1923.)
- Skinner's cotton trade directory, 1923*. (London: Thomas Skinner & Co. 1923. 12s. 6d.)
- Some great commodities*. Prepared by the Statistical Division, National Bank of Commerce in New York. (Garden City, N. Y.: Doubleday, Page & Co. 1923.)
- * Studies of ten great commodities, namely, coal, cotton, iron and steel, lumber, petroleum, rubber, silk, sugar, wheat and wool are presented here. The work is an outgrowth of a series of articles prepared by the statistical division of the National Bank of Commerce in New York, and published in the bank's *Commerce Monthly*. Detailed statistics are presented for the production, consumption, import, export, and manufacture of each of the commodities. In the cases of lumber, silk, and sugar, two or three short paragraphs of historical data are included in the text. With these exceptions the text is either an amplification or an explanation of the statistical tables.
- For the initiated the volume contains nothing that cannot be found in standard sources, but this book performs the service of bringing together in a single reference the material scattered in many different places. For the novice, the book saves much time lost in groping among unfamiliar tomes for significant figures.
- Since the book was written for business men and students who will use it, if at all, because of need, the authors have not endeavored to attract favor to their offering by the enticement of literary style.
- Accepting this work then as a book of reference to which its form relegates it, the treatment is open to two serious charges of omission. The sources of statistics are in no case divulged except for a footnote on page 212 that indicates the certain tables concerning sugar were drawn from Willett and Gray's *Weekly Statistical Sugar Trade Journal*. The preface also states that "consideration has been given to government reports and recognized trade sources in making the exhaustive studies

upon which these articles are based." The second sin of omission is an index. Of all books, one intended for reference requires an adequate route chart.

MALCOLM KEIR.

Manufacturing Industries

NEW BOOKS

ELBERS, W. *Hundert Jahre Baumwolltextilindustrie*. (Braunschweig: Fried. Vieweg & Sohn. 1922. Pp. xv, 200.)

GANTERT, F. A. *Metal working industries*. Lecture to intermediate class, Insurance Institute of America. (New York: Insurance Inst. of Am. 1923. Pp. 16.)

Twenty-first annual meeting of the National Lumber Manufacturers Association, New Orleans, March 21 and 22, 1923. (Washington: Sec., Nat. Lumber Manfrs. Assoc., International Bldg. 1923. Pp. 52.)

Transportation and Communication

American Railroads: Government Control and Reconstruction Policies.

By WILLIAM J. CUNNINGHAM. (Chicago: A. W. Shaw Company. 1922. Pp. 407. \$3.00.)

This is the third book published within the last year relating to the operation of the railroads by the government during and after the war. The period covered by the book has been previously treated by Professor Sharfman, of the University of Michigan, and by Professor Dixon, of Princeton University. Although practically the same ground is covered by Professor Cunningham, nevertheless the book has a distinct place in the transportation literature of the war period. It deals more particularly with technical operation, and is by one who has been a practical operating man, and who was connected with the operating department of the Railroad Administration. The first part of the book deals with the war period. The author's conclusions, based not only upon statistical study, but upon his own observations, are that the results under federal control during 1918 were more favorable than would have been possible under private control, and in this he is in accord with all students of the problem.

The next five chapters deal with operations during 1919, and especially with the labor policy of the Director General which has been so caustically criticized by the railway executives. Professor Cunningham expresses full appreciation of the difficulties under which the Director General operated, but criticizes severely the national agreements in reference to working conditions which were put into effect towards the end of government operation. The general reader will certainly be immensely interested in the analysis of these national agreements. There is a chapter dealing with the policies of unification,

and the extent to which those policies have been adopted by the railroads since their return to private control. While the writer is not entirely sure that the labor policies may not have been influenced in some measure by political considerations, he points out that so far as the operation of the railroads was concerned there was no political influence exerted by the Administration, and that the men selected to operate the railroads were selected solely on the ground of their fitness.

After clearly and accurately outlining the Transportation act of 1920, the author takes up the railroad situation since the end of government operation and points out the difficult problems which the owners inherited as a result of government operation, especially in connection with the failure to adjust freight rates to the greatly increased operating expense.

The last chapter is on the railroad situation in July, 1922, and deals interestingly with the problems of labor, public relations, and organization, and briefly with finance. Perhaps the most interesting part of this chapter is that which deals with railroad organization, in which Professor Cunningham discusses impersonally his own particular mission; namely, to encourage young men to enter the railroad field and to give them a comprehensive background of principles underlying railroad management. He criticizes many railroads for not encouraging the employment of young men of liberal education. The railroad executives have not been as enterprising in securing trained young men as the industries. The reviewer well remembers a statement made by the president of one of the largest industrial corporations in the country, who was not a college man, that he had found that a college man entering his employ at twenty-two years of age was farther ahead in five years than the man who had entered the business as a boy. The author points out the particular difficulties in advancement according to merit in a railroad organization, due in large measure to the attitude of organized labor towards seniority rights. There is great need of trained men in our railroad organizations. This is especially true of the traffic departments, which deal not so much with technical problems as with broad, underlying, economic principles. Our railroad traffic men of the present day think more of having an harmonious schedule of rates than of so adjusting rates as to develop industry and traffic. The selling end of transportation is sadly neglected. An industry which does not have a progressive, energetic, broad-visioned man at the head of its sales department eventually becomes waterlogged. These same qualities in an equally high degree are required in traffic departments of our railroads, but there are very few men who fill the requirements. Men with the basis of education, and with vision, are needed.

The appendices contain documents not easily accessible, as, for in-

stance, the proclamation of the President taking over the railroads, the statement of the President at the time the proclamation was issued, the Federal Control act, and most useful of all as a source of reference, the standard contract between the Director General and the railroads. Professor Cunningham's valuable article on operating statistics is also included.

The statements of fact are accurate. The conclusions are stated with clearness, and without prejudice. It is an authoritative work on the operating features of the period of governmental control. There is in the text a bewildering array of statistics which might better be in footnotes, and long quotations of orders, circulars, and statements of the Railroad Administration for which a more fitting place would be the appendices.

EDGAR J. RICH.

NEW BOOKS

BEMAN, L. T., compiler. *Ship subsidies*. The reference shelf, vol. I, no. 8. (New York: Wilson. 1923. Pp. 112. 75c.)

Contains a brief of the subject: Resolved, that the United States government should adopt the policy of subsidizing the merchant marine. This is followed by a bibliography with report of articles dealing with the subject.

BERNHARDT, J. *The Interstate Commerce Commission: its history, activities and organization*. Institute for Government Research, service monographs, no. 18. (Baltimore: Johns Hopkins Press. 1923. Pp. xii, 169. \$1.)

CHATBURN, G. R. *Highways and highway transportation*. (New York: Crowell. 1923. Pp. xx, 472. \$3.)

COULTER, E. M. *The Cincinnati Southern Railroad and the struggle for southern commerce, 1856-1872*. (Chicago: American Historical Society, Inc. 1922. Pp. 68. \$1.50.)

The traffic movements to and from the interior, the effect of the railroads in diverting trade from the cities along the Ohio River, the struggle of the river towns after the Civil War to regain their supremacy as distributing points, and the rise of Louisville as a collecting and distributing center for much of the commerce of Kentucky are described in this volume. The author also discusses the growing commercial rivalry between Louisville and Cincinnati and the proposal to build a railroad from Cincinnati to central and eastern Kentucky as a means of enabling that city to obtain a southern outlet for its commerce. Dr. Coulter deals in a thorough manner with the struggle for a right of way in Tennessee and Kentucky and the ultimate attainment of this goal by the city of Cincinnati. The study carries the history of the road up to the period of construction. The Cincinnati Southern Railroad was begun in 1873 and opened for traffic to Chattanooga in 1880, at a cost of about \$28,000,000. The municipality immediately leased the road. Although the railroad, according to the author, has never been a marked financial success, it has achieved certain desirable results for it opened a large area to the

merchants of Cincinnati and led to competition with other roads which caused a material lowering of freight rates from the Ohio River to southern shipping points. The author has drawn his material from a wide range of sources, and the book is thoroughly documented.

I. LIPPINCOTT.

DAGGETT, S. *The railroad labor controversy of 1921*. (Berkeley, Calif.: Author. 1922.)

GODFERNAUX. *Revue générale des chemins de fer et des tramways*. (Paris: Dunod. 1923.)

LAFON, G. *Les chemins de fer français pendant la guerre*. (Paris: Rousseau. 1923.)

McKEE, M. M. *The ship subsidy question in United States politics*. Smith College studies in history, vol. VIII, no. 1. (Northampton, Mass.: Dept. of History of Smith College. 1922. Pp. 60.)

An historical study, with chapters on the early policies, the first subsidy period (1845-1865), the second subsidy period (1865-1891), the partial subsidy period (1891-1914), and a list of references.

SALVAGO, G. *Le problème de l'étatisation des chemins de fer en France depuis leur origine jusqu'en 1859. Thèse pour le doctorat (sciences politiques et économique)*. (Paris: Edouard Duchemin. 1922. Pp. 311.)

SHORT, L. M. *The Bureau of Navigation: its history, activities and organization*. Institute for Government Research, service monographs, no. 15. (Baltimore: Johns Hopkins Press. 1923. Pp. xii, 124. \$1.)

SPASOFF, I. M. and BEARDSLEY, H. S. *Farmers' telephone companies: organization, financing and management*. U. S. Dept. of Agriculture, Farmers' bull. no. 1245. (Washington: Gov. Prtg. Office. 1922. Pp. 30.)

WILLIAMS, H. G. and FAGG, C. J., editors. *The freight traffic red book; a practical reference book for those actively engaged in traffic work*. (New York: Traffic Pub. Co. 1923. Pp. 592. \$6.)

Interstate Commerce Commission reports. Vols. 69 and 70, *Decisions of the Interstate Commerce Commission*. (Washington: Gov. Prtg. Office. 1923. \$2 each.)

Jahrbuch. Die deutsche Seeschifffahrt unter besonderer Berücksichtigung des Norddeutschen Lloyd. (Bremen: Norddeutscher Lloyd. 1922.)

List of references on the Delaware and Hudson Company. (Washington: Bureau of Railway Economics. 1923. Pp. 45.)

Progress report of the Port of New York Authority, February first, 1923. (New York: Port of New York Authority. 1923. Pp. 23.)

St. Louis Southwestern Railway: development of the property during the last fifteen years and its present conditions. (New York: Wood, Struthers & Co. 1923. Pp. 48.)

An intensive analysis by an investment house, dealing with physical condition, operating efficiency, sources of revenue, earning power, and financial position.

Trade, Commerce, and Commercial Crises

NEW BOOKS

BERNACER, G. *La teoria de las disponibilidades como interpretacion de las crisis economicas y del problema social.* (Barcelona: La Revista de Economia. 1923. Pp. 32.)

This is one more attempt, and a very ingenious one, to account for the recurring crises in business. The author starts from the proposition that at any given time there is at the disposition of mankind a certain amount of wealth, some of which is required for the payment of those who are carrying on the work of the world; the rest, which he calls *disponibilidades*, is the fund from which investments may be made. Taking P as the total of production and R as the total of what individuals receive as wages and profits, P , of course is equal to R . Now at the beginning of any period let A be the sum of wealth apt for investment, and let R be the sum of the salaries and profits gained by individuals during that period; the effective demand cannot exceed $A + R$, and it will be less, because at the end of the period there will be a certain amount, A' , of wealth kept for reinvestment. Taking D as the effective demand, then $A + R = D + A'$, or $R + (A - A') = D$, and $P + (A - A') = D$; that is, the effective demand of any period is equal to the sum of wages and profits plus the diminution, or minus the increase, of the sum reserved for reinvestment. The author arrives at the same conclusion as his predecessors Bouniatian and Aftalion, namely, that the lack of real demand is the cause of crises, and that the only cure is the attribution of a greater share of the world's production to the classes which produce instead of to the investors and speculators who merely manipulate capital. The author does not take into account the necessity of the reinvestment as capital in industry of a percentage of the world's production in order to counter-balance wear and deterioration, and to provide for the increase of the population and the inevitable improvements by which industry is rendered more productive. The remedy according to the author is not to be found in communism or collectivism but in a more direct fitting of the reward or profit to the work done by the individual, through the elimination of the fund of capital which at present gives so great a portion of the world's production to the owners of it in the form of interest and rent. How this is to be done is not clearly shown, but the whole subject is dealt with more at length in the author's *Sociedad y Felicidad* and in his promised *Dinamica de la Riqueza*.

R. R. W.

BISHOP, A. L. *Outlines of American foreign commerce.* (Boston: Ginn & Co. 1923. Pp. vii, 321. \$3.)

CISBI, R. *Storia del commercio.* (Padua: La Litotipo Edit. Univ. Pp. 216.)

FAYLE, C. E. *Seaborne trade.* Vol. II. (London: Murray. 1923. 21s.)

HOLTZ, L. *Ostpreussens Wirtschaft und Verkehr vor und nach dem Kriege.* (Königsberg, Pr.: Gräse & Unzer. 1923. Pp. 16.)

MONTESSORI, R. *Diritto commerciale. Parte generale.* (Padua: La Litotipo Edit. Univ. 1923. Pp. v, 612. 47 l.)

WICK, W. *Systematische Einführung in die Wirtschaftslehre unter besonderer Berücksichtigung des Handels.* (Stuttgart: Poeschel. 1922. Pp. xvi, 547.)

Annual statement of the trade and commerce of Saint Louis for 1922. (St. Louis, Mo.: Merchants' Exchange. 1923. Pp. 27.)

Annual statement of trade of the United Kingdom with foreign countries and British possessions, 1921, compared with the three preceding years. Four vols. (London: King. 1923. 12s; 40s; 30s; 30s.)

Business cycles and unemployment. Report and recommendations of a committee of the President's Conference on Unemployment, including an investigation made under the auspices of the National Bureau of Economic Research. (New York: McGraw-Hill Book Co. 1923. Pp. xl, 405. \$4.)

The report and recommendations of the committee are also printed in a pamphlet by the Department of Commerce, in the Elimination of Waste series (Washington, Gov. Prtg. Office, 1923, pp. 30, price 5c.).

Commercial conditions in the Dominion of New Zealand to July, 1922. Report by H. M. Trade Commissioner. (London: H. M.'s Stationery Office. 1923. 1s. 9d.)

Commercial possibilities of the Union of South Africa; a survey of the recent industrial expansion and the mineral and agricultural resources of a market presenting great possibilities for American enterprise.

Documents statistiques sur le commerce de la France. Années 1920, 1921, 1922. (Paris: Imprimerie Nationale. 1923.)

Trade and industry of Finland. (Helsingfors: Simelius. 1922. Pp. 746.)

Report on the trade in imports and exports at Irish ports during 1921. Dept. of Agriculture and Technical Instruction for Ireland. (Dublin: Stationery Office. 1923. Pp. 125. 3s.)

Accounting, Business Methods, Investments and the Exchanges

Railroad Capitalization. A Study of the Principles of Regulation of Railroad Securities. By JAMES C. BONBRIGHT. Columbia University studies in history, economics, and public law, vol. XCV, no. 1. (New York: Longmans, Green & Company. 1920. Pp. 206. \$2.00.)

This scholarly and penetrating study into the principles and practices involved in the issuance of railroad securities and the problems of government regulation thereof begins with a careful restatement of the generally accepted principles of the relationship existing between capitalization and rates. This section offers but little that is unusual, except that the author introduces what seems to be an important point in the indirect influence which capitalization exerts on rates through the effect it has on railroad credit. "Overcapitalization tends to weaken corporate credit, not directly because of the heavy nominal

liabilities, but simply because these liabilities are apt to create excessive interest and dividend charges." This idea is developed carefully, and the point is made that failure to pay "expected" dividends on common stock is different only in degree from the failure to pay preferred dividends or even interest, so far as the impairment of credit is concerned and the consequent restriction of the flow of capital into the industry. After summarizing the accepted theories as to the basis of capitalization, the conclusion is reached that "the attempt to use nominal capitalization as a record of investment should be frankly abandoned" and the argument proceeds in defense of the use of no-par stock for railroads. The chapter dealing with this subject is the strongest part of the study, and is an able analysis and refutation of the points that have been raised against the practice. On the whole it constitutes a satisfying answer to the objections to the plan. The conclusion is reached that while the use of no-par stock would remove one of the main sources of misinformation and would greatly benefit all concerned, this step would not remove the possibility of inflation nor solve the question of proper railroad capitalization. Throughgoing regulation is still necessary.

The rôle performed by the use of stock with no par value "is the modest though significant one of removing a fictitious statement in order to leave a clean sheet for the correct information." This information it becomes the duty of the commissions to provide or at least to provide for. The concluding chapter enters into a critical analysis of the problems which the commissions face in attempting to control the issuance price of shares without par value. The most difficult of these problems is shown to be that of compelling miscapitalized companies to reorganize and rearrange their capitalization plan both as to the total amount and as to the burden of bonded debt. "The means to this end are to be found in a wise exercise of the powers of government over railway rates and railway service. . . . Compulsion may be used by a policy of severity toward the companies that fail to reorganize; persuasion, by a policy of liberality toward those companies that make the necessary capital readjustments."

FLOYD E. ARMSTRONG.

Massachusetts Institute of Technology.

Advanced Accounting. By GEORGE E. BENNETT. (New York: McGraw-Hill Book Company, Inc. 1922. Pp. xiv, 661. \$4.00.)

Advanced Accounting was designed as a textbook and this purpose has been the dominating influence throughout the work, particularly in the organization of material. In fact, the author's desire to furnish guide posts to his discussion has led him to overemphasize the mechanics of organization. Subject-matter built into an illuminating outline pro-

vides the partially digested material which the average student requires; but the reviewer ventures the opinion that resort to tabular arrangement and over-classification has weakened otherwise adequate discussions. Accounting analysis, under such influence, becomes to the student a mere matter of 1, 2, 3; 3a, 3b; etc.

The distinctive feature of this book is the author's interest in accounting in its relation to law and business practice. Consideration is given to the phases of accounting theory and practice usually included within the second year's study but the author attempts to coordinate accounting principles, business law, and considerations of corporate financial policy in such a way as to be helpful alike to the student and the instructor. This is in evidence in his discussion of corporate organization, corporate obligations, consolidation and merger, fiduciary accounting, etc. where not only the purely accounting but the legal aspects receive consideration and business procedures are outlined in detail. The desirability of familiarizing the student with such matters, as a background for his work in accounting, would seem to justify such treatment.

The author expressly confines himself to "accounting as practiced today" to the exclusion of his own "pet theories." This attitude need not prevail in all books on the subject but it might well characterize most textbooks. It shows itself here in the author's portrayal of alternative methods of procedure and in the reserve with which he states his preferences.

Accounting analysis consists of the application of general accounting principles to specific business situations. But it is precisely at this point that the student finds his greatest difficulty. The author meets this problem satisfactorily. In the first place, he recognizes the effectiveness of specific example and utilizes this method throughout. Important discussions are concluded by statement in detail and formal solution of illustrative problems, selected, in part, from C. P. A. examinations. In the second place, the author accepts every opportunity to illustrate by journal entry the accounting interpretation of business facts and their effect upon balance sheet and income accounts and classifications.

In the opinion of the reviewer, it is unfortunate that the first three chapters were designed to bridge the gap between elementary and advanced accounting. The need for such bridging process is well recognized. A review of principles and a gathering together of loose ends are desirable; but the reviewer doubts whether such a gathering together of details should constitute the introduction to a formal text on advanced accounting. In any case, these chapters are a disappointing introduction to an otherwise fairly satisfactory presentation. Their chief weakness lies not in thought, but in expression. Not

only do they give the impression of unrelated ideas but such ideas are not always allowed the benefits of statement with precision. The phraseology is oftentimes involved and the presentation is laboriously mechanical.

The last three chapters, seventy-five pages, are devoted to an excellent discussion of the requirements of fiduciary accounting with special reference to the legal problems involved. Seven specific problems and their solutions contribute to the effectiveness of this discussion. Careful consideration is given to accounting for consolidation and merger and holding company-subsidiary relationships. Two chapters are devoted to "Analysis of Statements" for credit and investment purposes. The last hundred pages of the book contain questions and problems on accounting theory and practice designed and classified for use with the text proper.

JAMES P. ADAMS.

Brown University.

Commercial Goodwill: Its History, Value, and Treatment in Accounts.

By P. D. LEAKE. (New York: Isaac Pitman. 1921. Pp. xii, 260. \$7.00.)

Many sound opinions, generally well expressed, and a few not so good, equally well expressed, are contained in this English book. The author treats of commercial good-will in its broadest sense as including not only business connections, names, location, etc., but also trademarks, patents and designs, copyrights, monopoly rights, etc. He calls particular attention to the definition: "Commercial good-will is the right which grows out of all kinds of past effort in seeking profit, increase of value, or other advantage." In common with most writers on the subject the author states that the value of good-will depends almost always upon the probability of earning future profit, which is termed "super profit," in excess of a rate of interest on capital invested, which rate will attract and retain the necessary capital having due regard to the degree of risk incidental to the character of the undertaking.

The point is well made that in valuing good-will it has become customary to look backward and to accept too readily past events as an unerring guide to the future. The statement is also made that it is never possible to look into the future with very great success, but that it is necessary to endeavor to do so.

The principle is then laid down that the exchangeable value of good-will is generally an advance payment for the "super profit" in the form of an annuity and should be valued as an annuity either constant in amount or diminishing by equal annual amounts, and for a certain term of years. The author would discount the annuity at such

a rate that the investment in good-will will be refunded and interest earned on the investment in good-will during the life of the good-will which, it is stated, is never permanent and is generally unknown in extent. This is a rather debatable position, but is taken by the author as a statement of fact, and the remainder of the book hinges on this theory. The author, however, cites certain cases where good-will has an exchangeable value, even though the business purchased may not contain the element of "super profit," such as the buying up of a competitor in order to reduce competition, and thus presumably to stabilize the earnings of the purchaser.

There is probably too much detail in attempting to determine the exact number of years the so-called "super profit" will be earned, whether the "super profit" will be constant in amount or will diminish by equal annual amounts, the correct rate of discount to return the investment and allow a rate of interest, etc. There is little difference between an annuity of \$100.00 per year for 30 years discounted at 20 per cent, and a more rough and ready calculation which would simply capitalize the "super profit" at 20 per cent. The difference is approximately \$1.95. While the author's arguments are plausible and perhaps in some cases his method would attain more accurate results than the more usual methods, yet in most cases the details would be too much a matter of opinion.

Most American business men and accountants would differ from the author in considering the good-will at any particular moment as distinct from the good-will at another date say 10 years hence. In his opinion, since the present good-will is not the good-will purchased 10 years ago, the cost of the good-will should be depreciated and written off. The argument which we believe has least support appears in the chapter devoted to the depreciation of good-will. The author states that there can be no question as to whether or not part of the cost has expired at a certain date; the only question is as to the portion which has expired. After taking his conclusion as an established fact and then attempting to prove it, the author arrives at a method of writing off good-will over a period of years. He states that if the profits are not enough to write off the estimated yearly depreciation either no amount should be written off or else a small amount dependent upon the earnings; in other words "depreciation according to convenience and circumstances."

A chapter is devoted to urging the allowance of depreciation of purchased good-will for the purpose of the British income tax. No doubt most American business men would heartily endorse this view. In a previous chapter the author states that the probable income tax must always be deducted in arriving at profits attributable to the tangible and intangible value. Until such time as the United States Treasury

Department allows depreciation of good-will, which may be never (except in special cases due to prohibition enactments, etc.), it is hoped that the Department will adhere to its present theory of generally excluding income taxes as deductions from earnings in computing intangible values. The last half of the book is devoted to a few tables and to copies of the British acts covering trade-marks, patents and designs, and copyrights.

Perhaps the chief criticism of the book may be summed up in that the work is an attempt to treat an impossible subject, namely, the exact determination of good-will value. If one is willing to accept the author's basic theories, then the work will undoubtedly meet with approval. Since the general American opinion is contrary to the basic theories laid down by the author, the chief appeal of the book to American business men and accountants is in the general discussions of the nature and value of good-will.

N. J. LENHART.

Lybrand, Ross Bros. & Montgomery, Chicago.

Rate Making for Public Utilities. By LAMAR LYNDON. (New York: McGraw-Hill Book Company, Inc. 1923. Pp. vii, 209.)

The heart of this work on public utility rate making is contained in the first five chapters (113 pages), which cover the general theory of rate making, depreciation, valuation of properties on the reproduction cost basis, valuation by the historical cost method, and tangible values. These are plainly the chapters in which the author is principally interested and to which he has devoted his real efforts. The eight remaining chapters simply round out the discussion of the various phases of rate making. Short chapters are included on gas rates, electric, street railway, and telephone rates.

The author's chief concern is in the principles of public utility valuation. In chapter 2 he discusses depreciation, which is defined as "the decrease in value of an article, device, substance or material which has a limited life, due to use, the passage of time or changes in conditions of use." He includes not only ordinary physical depreciation of wear and tear, but "functional" depreciation due to obsolescence and inadequacy. The depreciation reserve, whether actually shown by the books of the corporation or determined by an appraisal, is treated as the part of the cost applicable to past operation, and is deducted from the cost of the properties.

Mr. Lyndon meets particularly the view abundantly presented in recent years, that there is no depreciation of public utility properties so long as they are maintained to furnish proper service. He shows that depreciation is an inevitable reality and is necessarily a cost of service. This is true not only of property whose wear and tear from

operation is visible and can be more or less accurately measured, but also of the invisible elements. The speciousness of the opposing view is summarized (pp. 39, 40):

Such contentions are not even worth contradicting; a mere statement of them is sufficient for their refutation. No special training in engineering or economics is necessary to perceive the impossibility and ingenuousness of such position.

The main drive is against the reproduction method of valuation, considered separately in chapter 3. Besides the usual arguments against the reproduction method, he shows that even the so-called equitable argument, which nominally seeks only an adjustment in investment to changes in purchasing power of money devoted to the public service, is unsound and is not even systematically adhered to by the reproduction supporters. In the first place, they are not willing to follow the method through a period of declining as well as rising prices; and, second, they have never proposed a similar adjustment to cover the decrease in purchasing power of money for the bondholders. Although the entire property is valued at reproduction cost, the bondholders are held to a return on actual investment according to the terms of the bonds; they are paid in dollars without regard to changes in price levels. The stockholders thus get the benefit of the adjustment, not only on their own investment but also on the bondholders'.

The author upholds the historical cost as the correct basis of valuation for rate making. This consists of the total actual moneys invested in the plant from the date of inception, but includes only property in existence at the time of valuation. Full deduction is made for depreciation. If, however, a fair return has not been earned on the investment throughout the period of operation, the deficiency is added to the cost of the properties less depreciation, under the caption "cost of establishing business."

The book presents a well-balanced view of valuation, and attempts to be just to both the public and investors. Among minor points of criticism, we may ask why deficiencies in return should be added to investment if excesses are not deducted, and why land should be treated differently from other property, why recognize increments in land values if not in structures and equipment? Perhaps the more serious point is the assertion that while the commissions have held mostly to the net investment as the proper basis of return, the courts "decided that the cost to reproduce the property, as of the time of the valuation, was the proper basis." But the courts have made no such decision; they have indulged perhaps too liberally at times in dicta which incline toward reproduction cost, but actually have decided nothing more than that the investors are entitled to a fair return on the "fair value" of the property. What is "fair" has never been judicially

defined in a decisive way, and the question is wide open for further discussion and the test of experience.

JOHN BAUER.

New York City.

NEW BOOKS

ASHLEY, W. *Scientific management and the engineering situation.* (London and New York: Oxford Univ. Press. 1923. Pp. 28.)

CLAPP, L. R. *Reducing transportation in the factory.* Lecture no. 42 of the factory management course and service. (New York: Industrial Extension Inst., 9 East 45th St. 1923. Pp. 14.)

DAVIS, G. H. *Commercial value including tangible and intangible assets.* (New York: Author, Ford, Bacon & Davis, 115 Broadway. 1923. Pp. 7.)

DUNN, H. A. and DIMOND, H. P. *Commercial arbitration; being a compilation of awards of arbitration committees of various trade associations and chambers of commerce in the United States, together with introductory text on common law and statutory arbitrament.* (San Francisco: A Carlisle & Co. 1922. Pp. xx, 329.)

EDIE, L. D., editor. *The stabilization of business.* (New York: Macmillan. 1923. Pp. xii, 400. \$2.50.)

A compilation of nine essays by different authors, edited by Professor Edie. The subjects and authors of the several essays are as follows: The problem of controlling business cycles, by W. C. Mitchell; Stabilizing the dollar, by Irving Fisher; Transportation and the business cycle, by F. H. Dixon; Unemployment—prevention and insurance, by J. R. Commons; The coördination of production and marketing, by L. D. Edie; International problems in business stability, by E. R. A. Seligman; Public works as an agency of control, by J. B. Andrews; The psychological factors in stabilization, by W. D. Scott; The applied technique of stabilization, by H. S. Denison.

FISH, C. L. *Engineering economics. First principles.* Second edition. (New York: McGraw-Hill Book Co. 1923. Pp. xi, 311.)

Professor Fish has written this book apparently with the hope of teaching engineering students how to promote—or, at least, how to assist in promoting—new business enterprises. The point of view adopted throughout is that of the man who is trying to develop a new investment opportunity.

In analyzing the promoter's procedure, however, the author devotes only the scantiest attention to its business aspects. The method of estimating the probable gross earnings of a new enterprise, for example, is singularly slighted. Market analysis is not mentioned; the whole subject of forecasting earnings is dismissed with one paragraph; and that paragraph describes a method which is applicable only to local public utilities. The subject of costs, both of construction and of operation, is more adequately developed, although even here there is the same neglect of commercial factors. The methods of estimating physical depreciation are explained exhaustively throughout two chapters, but functional depreciation is given only one sentence of fine print. Construction cost and its determination

is described in detail, but the cost of developing business is not mentioned. On the financial side, the various forms of the business unit are described at some length; the chief forms of corporate securities are enumerated and classified; but the central problem of securing the capital for the new corporation is discussed only very briefly and the whole subject is then dismissed with the statement that "sometimes the control and direction of the promotion is taken over at this stage by the banker." No attention is devoted to those attributes which would cause the new enterprise to appeal to an investor or a banker.

On the other hand Professor Fish has devoted considerable care to the engineering and mathematical aspects of his subject. His analysis of construction cost seems adequate; his treatment of the mathematics of depreciation is unusually complete; and one of his appendices is a real contribution. Appendix B presents in a compact and convenient form, and with the authorities cited, a series of estimates of the probable service period or "life" of some 300 types of equipment used by public service corporations. This same appendix contains also the tables and formulas usually found only in treatises on the mathematics of investment. For this reason teachers of corporation finance and of investments may find this book a useful addition to their reference libraries.

DONALD S. TUCKER.

GAGNEPAIN, L. *Précis d'organisation comptable*. (Paris: Ravisse. 1922. Pp. 216.)

HAAS, G. C. *Sale prices as a basis for farm land appraisal*. Agricultural Experiment Station, Technical bull. 9. (St. Paul, Minn.: Univ. of Minnesota, Agri. Exp. Sta. 1922. Pp. 31.)

HALL, S. R. *The handbook of business correspondence*. (New York: McGraw-Hill. 1923. Pp. 1048. \$5.)

IVEY, P. W. *Elements of retail salesmanship*. New edition, with two new chapters. (New York: Macmillan. 1923. \$1.75.)

JESNESS, O. B. *Plans for coöperative marketing*. College of Agriculture, Extension Division, Circular no. 134. (Lexington, Ky.: Univ. of Kentucky, Extension Div. 1922. Pp. 36.)

JORDAN, H. W. *How to form a company*. Fifteenth edition. (London: Jordan & Sons. 1922. Pp. 103.)

KEARNEY, P. W. *Business letters made easy; a brief but comprehensive study of the principles which naturally simplify the art of handling the day's mail*. (New York: Clode. 1923. Pp. 297.)

McKINSEY, J. O. and MEECH, S. P. *Controlling the finances of a business*. (New York: Ronald. 1923. Pp. vii, 638. \$5.)

MASON, J. W. *Origin and history of suretyship*. An address to the students of the intermediate course in casualty insurance, Insurance Society, New York. (New York: Author, American Surety Co. 1923. Pp. 8.)

PALMER, A. R. *Bell's handbooks of commerce and finance*. Five vols. (London: G. Bell & Sons. 1923. 16s. 8d.)

PALMER, L. E. and BELL, W. H. *Accountants' working papers*. (New York: Ronald. 1923. Pp. 194. \$5.)

PICARD, R. *Le contrôle ouvrier sur la gestion des entreprises.* (Paris: Rivière. 1922. 4.50 fr.)

PRAIGG, N. T., editor. *The advertising year book for 1922.* (Garden City, N. Y.: Doubleday, Page & Co. 1923. \$2.)

RIDOUT, R. E. T. *A school introduction to business life and organization.* (London: Effingham Wilson. 1923. 3s.)

ROBERTS, G. E., editor. *Economics for executives.* VI, *Marketing.* (New York: American Chamber of Economics, Inc. 1922. Pp. 76.)

SANDERS, W. R. *Ice delivery; a complete treatise on the subject.* (Chicago: Nickerson & Collins Co. 1922. Pp. 318.)

STRONG, E. K., JR. and UHRBROCK, R. S. *Job analysis and the curriculum with special reference to the training of executives.* (Baltimore, Md.: Williams & Wilkins Co. 1922. Pp. 146. \$1.)

TIPPER, H. *Mediums of advertising.* Advertising fundamentals, the standard course of the United Y. M. C. A. Schools, book 3. (New York: Association Press. 1922. Pp. viii, 197.)

VANCE, R. *Business and investment forecasting. Forecasting methods and their application in practical use.* (New York: Brookmire Economic Service, 25 West 45th St. 1922. Pp. 132.)

WALKER, R. G. *A classified selection of problems in accounting.* (Ann Arbor, Mich.: G. Wahr. 1922.)

WHITEHEAD, H. *Common sense in business.* (New York: Crowell. 1923. Pp. viii, 315. \$2.50.)

WINTERNITZ, R. and CHERINGTON, P. T. *English manual for business.* Prepared for the educational department of the Associated Advertising Clubs of the World, New York. (Chicago: A. W. Shaw Co. 1923. Pp. 96. \$1.)

Mr. Winternitz is connected with the planning department of William Filene's Sons Company, and was formerly on the staff of the Graduate School of Business Administration of Harvard University. Mr. Cherington is marketing adviser of J. Walter Thompson Company. The manual is designed especially for the business executive who is anxious to improve the quality of his written English.

- *The exclusive agency. A study in the marketing of manufactured products.* (New York: New York University Bureau of Business Research, 90 Trinity Place, Lewis H. Haney, Director. 1923. Pp. 64. For sale by University Book Store, 32 Waverly Place, N. Y., \$1.)

Among the topics discussed is the nature of exclusive agency agreements and contracts, including the advantages and disadvantages of such agencies to the manufacturer and the jobber and retailer. Chapter 8 deals with types of commodity sold most effectively through exclusive agencies.

National Association of Cost Accountants, year book, 1922. (New York: Bush Terminal Sales Bldg. 1922. Pp. 452.)

Contains proceedings of the Third International Cost Conference, at Atlantic City, September, 1922. Of particular value are the many papers which were presented and also the discussion based upon them. Included in the topics dealt with are: actual costs as compared with re-

placement costs, sales and administrative costs, standards as a means of reducing costs, budgets—their construction and use, the place of costs in business management, and cost problems in the textile industry. The remainder of the volume is devoted principally to reports of officers and directors on such matters as membership, research, standardization, publicity, and education. M. J. S.

Papers and discussion—Second New England Regional Cost Conference; Principles and practice of construction cost-keeping (part II, *Analyzing costs*), by W. M. AFFELDER; *Standard cost—how to establish and apply them*, by W. F. WORRALL. Official publications of the National Association of Cost Accountants for April 2 and 16, May 1, 1923. (New York: Association, Bush Terminal Bldg. 1923. 25c. each.)

Pocket index of Moody's ratings; industrials, public utilities, governments and municipals, steam railroads. (New York: Moody's Investors Service. 1923.)

Operating expenses of retail shoe stores in Nebraska in 1921. By the Committee on Business Research. Nebraska studies in business, bull. no. 4. (Lincoln, Neb.: Univ. of Nebraska, College of Business Administration. 1923. Pp. 21. 50c.)

Third standardization bulletin by the Standardization Division of the American Mining Congress, Cleveland, Ohio, October 9-14, 1922. (Washington: American Mining Congress. 1923. Pp. 387. \$1.)

Trade-marks of the jewelry and kindred trades. Fourth edition. (New York: Jewelers' Circular Pub. Co. 1922. Pp. xxvi, 436.)

Typical abuses in handling municipal bonds. Proposing a municipal bond service for bond buyers, bond bankers and bond issuers. (New York: Committee on Non-Partisan Facts of the Institute for Public Service, 1125 Amsterdam Ave. 1923. Pp. 32.)

Capital and Capitalistic Organization

NEW BOOKS

DUNN, W. C. *Trusts for business purposes.* (Chicago: Callaghan & Co. 1922. Pp. xx, 795.)

HOFFMAN, A. *Die Konzentrationsbewegung in der deutschen Industrie.* (Leipzig: A. Deichert'sche Verlagsbuchhdlg. 1922. Pp. 19.)

SCHIESS, J. *Die Kartelle in der schweizerischen Textil-Veredelungsindustrie.* (Weinfelden, Konstanz: A. G. Neuenschwand'sche Buchdr. u. Verlh. 1923. Pp. 148.)

WHITE, F. *White on corporations, containing the laws as amended to January 1, 1923, concerning business, railroad, ferry, navigation, stage coach, tramway, pipe line, gas, electric light, waterworks, telegraph, telephone, turnpike, plankroad, bridge and freight terminal corporations, tax law provisions, Civil Practice act provisions, etc., affecting the foregoing classes of corporations, together with decisions, commentaries, forms and precedents.* Ninth edition. (New York: Baker, Voorhis & Co. 1923. Pp. 2017.)

Labor and Labor Organizations

Analysis of the Interchurch World Movement Report on the Steel Strike. By MARSHALL OLDS. (New York: G. P. Putnam's Sons. Pp. xxiv, 475. 1923. \$2.50.)

This book is announced as an answer to the *Interchurch Report on the Steel Strike*. The three parts of the book consist, first, of a foreword by Jeremiah W. Jenks, a statement as to accuracy of citations and statistics by Haskins and Sells, certified public accountants, statements by Dr. W. H. Foulkes and Mr. Stanley Went, two uncritical editorials, and a statement of the sources of information and preparation; second, of an analysis of the steel strike report; and third, of bitter attacks on trade unionism and its leaders and all connected with the making of the *Interchurch Report*.

The purpose of the book is one of propaganda, freely and fully proclaimed, and extraneous methods are used to bolster up the same with the weight of authority. But what is its value? Dr. Jenks confesses: "I have not had time and have made no attempt to verify his figures, his citations of authorities, or his quotations. Inasmuch, however, as this could readily be done by any party interested, as Mr. Olds has a reputation as a student of these questions to sustain, and as he has, I understand, taken the wise precaution of having all such matter carefully verified by competent outside assistance, I have no question that this part of his work has been carefully done." But Mr. Olds' book on *The High Cost of Strikes* was severely criticized for its inaccuracy and lack of knowledge of the subject. Mr. Jenks, himself, has not taken his own prescription and his foreword means absolutely nothing. If certain things are so, certain results follow, but Dr. Jenks swallows the *if* and goes ahead with his recommendation. Imagine the first row around and then go ahead, were the old lady's directions for knitting a stocking.

The statement from a firm of certified public accountants that all citations are accurate and that all statistics have been verified ought perhaps to carry weight, but the present reviewer, who is a mere economist, turns over the pages and reads a statement from a letter of the Reverend William Hiram Foulkes "that some of the actual investigations were not as unprejudiced as they should have been, and that personally representing one side of the controversy, their testimony was, therefore, liable to be discounted." This is a candid confession honestly made and takes into account the personal equation. It is not, however, a repudiation of the *Interchurch Report* on the part of Dr. Foulkes. The entire letter is printed on page 450 by Mr. Olds, and the context gives an entirely different meaning from that inferred by the part quoted in the early portion of the book. Not only this

example but numerous others might be given. The use of italics where none exist in the original quoted, the taking of parts of some statements and linking them with parts of others, the misspelling of proper names, and glaring misstatements of facts abound.

A large part of the book is devoted to personal attacks on the leaders of the steel strike and many members of the Interchurch Commission on the ground of their being tainted with dangerous economic opinions. Bolshevik, radical, and revolutionist are some of the epithets used. The idea that the steel strike was intended as the beginning of a social revolution is resurrected and made to do yeoman service but with no more real evidence than in 1919. Mr. Olds is like the lawyer who, when he has no case, abuses the other side.

The statements in regard to the twelve-hour day are quite interesting. On page 241 Mr. Olds says: "The twelve-hour day in the steel industry represents the most conspicuous opportunity in industry for the immigrant worker to better his economic standing by making up for his inherent handicaps through a maximum use of his greatest asset." Thus the foreigner is to be Americanized and dividends increased, both at one stroke. This may be the ground for the abrogation of present restrictions on immigration recently proposed by Judge Gary. The early factory investigators in England ran across the same argument in that Willie was a better boy when he worked fourteen hours a day—childish mischief being eradicated and profits increased at one blessed stroke. The reply of the Hunky to the actual fact is, "Work long day, me no live." The recent report of the Society of Engineers against the twelve-hour day shows the direction of current opinion. The findings of representatives of such a body of men, highly educated and scientifically trained, cannot be disregarded. The twelve-hour day with its accompanying seven-day week and twenty-four hour shifts is a social anachronism which seems to exist only in the steel industry.

In conclusion, this book by Mr. Olds must be characterized as unscientific and unconvincing. Admitting for the sake of argument defects in the *Interchurch Report*, one must say that Mr. Olds has not controverted its fundamental conclusions because he does not seem to have the faintest comprehension of what the people in the Interchurch World Movement were trying to do. The social point of view in industry, however, is gaining ground, and if this is true, the gratuitous distribution of this book by the United States Steel Corporation is a sheer waste of good money.

GEORGE M. JANES.

Washington and Jefferson College.

Labour Policy—False and True. By SIR LYNDEN MACASSEY. (London: Thorton Butterworth, Limited. 1922. Pp. 312. 7s. 6d.)

Sir Lynden Macassey was one of Lloyd George's most trusted and accomplished aids in the difficult tasks of maintaining industrial peace and securing the industrial coöperation of the British workers during the war. He has had thus a continuous and extensive experience in industrial controversy.

But this volume is a party tract rather than a thorough analysis of his own experience—not an unintelligent or orthodox party tract—but still a party tract (written, we take it, while the coalition government was still in power). The tendencies which justify that characterization are many. Two in particular are evident. First, he displays much greater acumen and persistence when he is subjecting the policies he opposes to critical analysis than he does when presenting alternative policies which he supports. Second, his proneness, when discussing questions upon which it is almost impossible to accumulate decisive evidence, to assert a conclusion congenial to his own views on slender evidence. An example of the first tendency is the decided emphasis and skill with which he reveals the sporadic inclination of the British Labour movement to resort to direct action in junctures which, under the ordinary practice of the Constitution, are for Parliament to decide—as contrasted with his gingerly treatment of the mistakes and false pretences in foreign policy which led to the most spectacular threats of direct action. An example of the second tendency is to be found in the discussion of the question of whether unemployment insurance can be most satisfactorily administered by state or by industry. A conclusion in favor of the latter is definitely reached merely on the figures of comparative cost of administration by one single business firm as compared with state costs—though he himself notes that the government scheme has to cover multifarious trades, organized, semi-organized, and those not organized at all.

These, as the reviewer measures the same range of facts, are not occasional lapses but constant aberrations. They are probably accounted for in some measure by the extreme difficulty of studying adequately as vast an array of matters as are considered in this volume within a single set of covers and within politically pertinent time.

The book is divided into three sections. In the first, Sir Lynden Macassey gives a systematic description of the Labour party's doctrines of industrial reorganization, drawn from their party documents.

In the second, he gives a continuous exposition of what recent governments have done to settle industrial difficulties and remedy industrial evils. This part contains an excellent historical account of the growth and character of collective bargaining arrangements in Great Britain. It tends, however, to give past governments the chief credit for some

reforms which were instituted only at the strong urgency of the Labour party. And it reveals a too ready satisfaction with the outcome of others; witness his approval of the government's agricultural wage policy under which weekly wages have fallen below 25 shillings in some counties—the cause of the present strike in Norfolk.

In the last section, he submits an independent analysis of the aspirations and sentiments of the workers, and suggests how principles already in existence should be used to satisfy these sentiments and aspirations. The suggestions made follow the familiar lines of what has come to be called "liberal" policy, as set forth, for example, in the Whitley report and the Cave Committee report on the Trade Boards. This policy he dilutes, then expounds with clarity. The dominant economic theories of this part sometimes have a rusty sound. They form a closed system which leaves little room for those improvements in industry and adjustments in distribution which organized labor strives to effect by its own pressure and activities.

Sir Lynden Macassey's recommendations, if sincerely acted upon today in Great Britain, would be in advance of the customary policies of most employers. But it is highly improbable that the Labour party can be recalled to them for better or for worse. That may be due mainly to the fact that the type of modified, generous democratic individualism which we call "liberalism" requires a greater capacity for steady and delicate understanding between members of separated economic classes than human beings possess. Or it may be because the undying opposition shown to liberal tenets by timid, selfish interests develops a distrust and determination not to be satisfied with anything less than the complete dispossession of those interests.

HERBERT FEIS.

University of Kansas.

NEW BOOKS

ADAMS, W. W. *Accidents at metallurgical works in the United States during 1921.* U. S. Dept. of the Interior, Bureau of Mines, Technical paper 327. (Washington: Gov. Prtg. Office. 1923. Pp. 31.)

———. *Metal-mine accidents in the United States during 1921.* U. S. Dept. of the Interior, Bureau of Mines, Technical paper 331. (Washington: Gov. Prtg. Office. 1923. Pp. 96.)

ANDREJEW, A. *Die russischen Gewerkschaften in den Jahren 1921-1922.* Bibliothek der Roten Gewerkschafts-Internationale, Band 11. (Berlin: Phöbus-Verlag. 1922. Pp. 32.)

VON BECKERATH, H. *Kräfte, Ziele und Gestaltungen in der deutschen Industriewirtschaft.* (Jena: Fischer. 1922. Pp. 81.)

BLOOMFIELD, D., compiler and editor. *Financial incentives for employees and executives.* Two vols. (New York: Wilson. 1923. Pp. xx, 325; 407. \$4.80.)

Contains bibliography (12 pages) and extracts from books and periodicals on types of wage systems, piece work, day work, and week work, principles of bonus plans, bonuses for increased production, quality, economy, steady attendance, length of service, thrift plans, profit-sharing, stock participation plans, mutual benefit associations, pension plans, incentives in retail stores, compensation of salesmen and office workers, and incentives for foremen and executives. The material represents recent practice.

CLARKSON, G. B. *Industrial America in the World War. The strategy behind the line—1917-1918.* (Boston: Houghton Mifflin. 1923. Pp. xxiii, 573. \$6.)

COLE, G. D. H. *Trade unionism and munitions.* Carnegie Endowment for International Peace, Economic and social history of the World War (British series). (London and New York: Oxford Univ. Press. 1923. Pp. xii, 247.)

"This account of labor in the munitions industries during the war period is drawn from a very diverse set of sources. Largely, it is based on notes and memoranda compiled by the writer during the period under review, and on documents then collected for future reference. These have been supplemented from published official and other records, from files of newspapers and trade union journals, and especially from the immensely valuable collections of material in the possession of the Labour Research Department. In most of the events described, the writer, in his capacity as adviser to the Amalgamated Society of Engineers, was directly concerned."

_____. *Workshop organization.* Carnegie Endowment for International Peace, Economic and social history of the World War (British series). (London and New York: Oxford Univ. Press. 1923. Pp. xi, 184.)

FERENCZI, E. *Die internationalen Wanderungen und die nächste allgemeine Arbeitskonferenz.* (Jena: Fischer. 1922. Pp. 12.)

HERKNER, H. *Die Arbeiterfrage.* Two vols. Eighth revised edition. (Berlin: Verleger W. de Gruyter & Co. 1922. Pp. xviii, 616; xvi, 696.)

HOFFHERR, R. *Le boycottage devant les cours anglaises 1901-1923.* (Paris: Giard. 1923. 10 fr.)

NASH, A. *An industrial miracle and how it happened.* (Boston: Murray Press, 176 Newbury St. 1923. Pp. 32. 5c.)

Excerpts from lectures delivered at the Massachusetts Institute of Technology, Cambridge, Mass., March, 1923.

PHILLIPS, M. *Frauen- und Kinderarbeit in der Textilindustrie.* (Amsterdam: Verlag d. Internat. Gewerkschaftsbundes. 1922. Pp. 32.)

RAYNAUD, B. *Manuel de législation industrielle.* (Paris: E. de Boccard. 1923. Pp. 427.)

ROWE, J. W. F. *Wages in the coal industry.* Studies in economics and political science of the London School of Economics and Political Science, no. 68. (London: P. S. King. 1923. Pp. vi, 174. 10s. 6d.)

Since the startling revelations and recommendations of the Sankey Commission any fresh study of the British coal industry is of special interest. And the question of wages of which this volume treats comes

very near to being the heart of the whole problem. The writer is quite successful in giving the impression that the coal industry is a complicated business and that the wage feature is perhaps the most complicated of all. The twelve principal coal-producing districts vary widely in mining conditions and in the methods and customs of working and wage adjustment. Very few mines really go bankrupt and some, owing to natural conditions rather than excellence of management, make fabulous profits. The fields in the northeast and in South Wales are more dependent upon the uncertain and fickle export market whereas those of the great industrial area of the Midland countries have a more assured home market. The struggle of the Miners' Federation has been to get away from the method of fixing wages according to coal prices, either by the direct method of the sliding scale which persisted the longest in the areas relying upon export trade or by the application of a "percentage" that arrived at much the same result, and to bring about a national agreement and some approach to uniformity in wages and other conditions throughout the country. For, as the writer justly remarks, "the ordinary theory of wages needs considerable modification before it can be applied to the coal industry as a short period proposition." Collective bargaining, even when it is a well-established method of adjusting disputes, does not quickly and automatically arrive at a productivity wage. The effort to bring about nationalization of the coal industry or a "wage pool" created by a levy upon the industry, is an outgrowth of the desire to make profits rather than prices the basis of wage determination. The settlement of 1921, though district rather than national in scope, does recognize profits as a basis and, the writer thinks, will give to the miners a stronger incentive for increasing output and making economies in other items than wages. It does not satisfy the desire for uniformity. The study is backed up by six appendices including a bibliography.

W. B. CATLIN.

SINZHEIMER, H. *Das zukünftige Arbeitsrecht in Deutschland*. (Berlin: Verlagsgesellschaft des Allgemeinen Deutschen Gewerkschaftsbundes m. b.H. 1922. Pp. 16.)

TSIANG, T. F. *Labor and empire. A study of the reaction of British labor, mainly as represented in Parliament, to British imperialism since 1880*. Columbia University studies in history, economics and public law, vol. CVI, no. 1. (New York: Longmans, Green. 1923. Pp. 220.)

WELBOURNE, E. *The miners' unions of Northumberland and Durham*. (London: Cambridge Univ. Press. New York: Macmillan. 1923. Pp. 321. \$4.20.)

Cotton weaving atmospheric conditions. Report of Industrial Fatigue Research Board. (London: H. M.'s Stationery Office. 1923. 2s.)

The enforcement of Railroad Labor Board decisions. University of North Carolina Extension Bull., vol. II, no. 5, Nov. 1, 1922. (Chapel Hill, N. C.: Univ. of North Carolina, Extension Division. 1922. Pp. 84. 50c.)

Contains briefs and extracts from various articles and references on the affirmative and negative of the question, Resolved: That Congress should provide for the enforcement of decisions of the Railroad Labor Board.

Erstes Jahrbuch des Internationalen Gewerkschaftsbundes. (Amsterdam: Verwaltung, 61 Vondelstraat. 1922. Pp. 714.)

Les fluctuations des salaires dans divers pays (1914-1921). (Paris: Sirey. 1923. 3 fr.)

The handbook of the Building Trades Employers' Association of the City of New York, 1922. (New York: Bldg. Trades Employers' Assoc. 1922. Pp. 184.)

Contains a table of the rates of wages of different classes of employees, the general arbitration plan between the Building Trades Employers' Association and the unions of the building trades, and the provisions of the work agreement setting forth the work claimed by each union and the decisions governing the questions of the jurisdiction of each trade.

International Labour Directory, 1923. Third year. (Geneva: Intern. Labour Office. 1923. Pp. 1120.)

International Labour Office. Hours of labour in industry: Great Britain. Studies and reports: series D (wages and hours), no. 7. (Geneva: Intern. Labour Office. 1922. Pp. 31. 20c.)

This report embodies information collected by the Labour Office and submitted to the British government for correction and amendment. It gives the hours by industries and crafts within industries, and also indicates how far hours are fixed by collective agreements and how far by law.

Legislative series. Vol. I—1920. (Geneva: Intern. Labour Office. 1922. Various paging.)

Contains all important legislative acts and administrative orders relating to labour which have been passed or become effective in the year 1920 in all countries. The Legislative series is a continuation of the Bulletin formerly published by the old International Labour Office at Basle, Switzerland, but is more ample in scope.

Organization of industry and labour conditions in Soviet Russia. Studies and reports: series B (economic conditions), no. 11. (Geneva: Intern. Labour Office. 1922. Pp. 83. 40c.)

"An objective account of the legislative provisions governing labor and industry" in Russia down to mid-April, 1922. The material is taken solely from Soviet sources and is reproduced without comment or criticism. No attempt is made to indicate the extent to which these laws are actually enforced.

Statistics of unemployment in various countries, 1910 to 1922. Studies and reports, 1922: unemployment series, no. 1. (Geneva: Intern. Labour Office. 1922. Pp. 28. 20c.)

Consists chiefly of statistical tables and notes on the sources of the data. Percentages of unemployment are given for all the countries for which official statistics have been regularly published during the period covered. Massachusetts is the sole representative of the United States in the group. It was not possible to reduce the percentages to a uniform basis for the several countries but the percentages for each country are comparable from year to year.

Wage changes in various countries, 1914-1921. Studies and reports: wages and hours series, no. 2. (Geneva: Intern. Labour Office. 1922. Pp. 76. 40c.)

The statistical data are accompanied by a discussion of the sources and a brief chapter of conclusions on the movements of real wages.

Labour legislation in Canada, 1922. (Ottawa: Dept. of Labour. 1923. Pp. 88.)

Report of the Department of Labour for the fiscal year ending March 31, 1922. (Ottawa, Canada: Dept of Labour. 1923. Pp. 116. 10c.)

Statistiques du chômage dans divers pays (1910-1922). (Paris: Sirey. 1923. 1.50 fr.)

Twelfth annual report on labour organization in Canada, 1922. (Ottawa: Dept. of Labour. 1923. Pp. 315.)

Wirtschaftliches Arbeitnehmer-Jahrbuch. Band 3 (1923). (Stuttgart: Volkswirtschaftl. Verlag f. Wirtschaft u. Verkehr. 1923. Pp. 288.)

Money, Prices, Credit, and Banking

Foreign Exchange: The Financing Mechanism of International Commerce. By EDGAR S. FURNISS. (Boston: Houghton Mifflin Company. 1922. Pp. x, 409. \$2.50.)

There are two difficulties faced by the writer of a general treatise on foreign exchange, one of which is pointed out by Professor Allyn A. Young in the introduction to this work. It is to avoid the insertion of so many technical details that only the specialist cares for the volume, and the other extreme of dealing only with general principles to the exclusion of concrete material. The volume is actually a judicious blend of the two. General principles are well developed, particularly in certain chapters, but even in those chapters, as well as in the others, there are many explanations of practice, illustrations of important papers and documents used in foreign exchange dealing, and calculations of actual transactions.

The other difficulty is presented by the unusual conditions that have prevailed since 1914. To analyze the problems in the old way is to give an air of unreality to the treatment and to invite criticisms from those who always insist that the presentation should deal with things as they are rather than as they once were, or as they might be under other conditions. Professor Furniss has chosen the wise course, considering that the war and post-war period have introduced irregularities, but have not altered the general principles that ordinarily rule. The reviewer would have preferred a little more elaboration of the unusual conditions that have for so long faced us and still furnish so many problems, but the author could probably not have come any nearer than he has to giving general satisfaction on this point. The volume is to be heartily approved for all general uses, particularly as a textbook.

In order of arrangement, also, Professor Furniss' treatment is to be commended. Instead of dealing first with general principles, and in

later chapters forcing the facts into agreement with them, he presents concrete material from the outset and continues it through the book, building up his theory with the facts as they are presented. This not only adds to the accuracy, but increases tremendously the interest of the reader. College students will accordingly find the volume especially attractive either as a text or for collateral reading.

To this advantage in arrangement of material may be added the inclusion of numerous documents, all of them, however, brief. This, too, is a gain, as many treatments of foreign exchange have been forbidding because long documents have been included, with little or perhaps no interpretation. Only a few students are capable of reading them intelligently and drawing their own conclusions from them. If Professor Furniss has erred at all in this connection, it has been through including too little documentary material rather than too much, but his choice of forms and specimen letters is an excellent one and his interpretations are clear.

Calculations of exchange dealings are introduced, many comparisons of exchange rates are included, numerous forms of bills have been reproduced, and in the discussion of purchasing power par charts are utilized (p. 59) to show the relationship between exchange quotations and the purchasing power of currency in England, France, Italy, and Germany.

These features are emphasized by the reviewer because they are among the valuable ones in the volume. It is readable, and ought to be very teachable, not only in the college classroom, where a more abstract presentation might perhaps be employed, though not so effectively, but in classes of bank employees and others for whom the theory is just as important, but who are sometimes quickly repelled by generalizations unless preceded by a body of concrete material.

In its treatment of theory there is little to criticize. The events of recent years have given the student food for thought, particularly regarding the activities of governments and central banks and their effects on exchange rates. Cause and effect are probably not what they were in the days of Goschen, but probably the time is not ripe for a thorough restatement of foreign exchange theory. For the present such a revision may be impossible, and in any case it would be inadvisable in a volume of this sort, intended for classroom use. The excellent analyses of pegging the exchanges and of Professor Cassel's theory of purchasing power parity are perhaps as much as can well be introduced.

The treatment is of course largely from the American point of view, but near the end of the volume two chapters are devoted to a description of the London market, with a final chapter on the New

York market, the last section very appropriately discussing the present and probable future of dollar exchange.

ERNEST MINOR PATTERSON.

University of Pennsylvania.

Money, Banking and Exchange in India. By H. STANLEY JEVONS. (Simla, India: Supt. Gov. Central Press. 1922. Pp. ii, 330. Appendices, bibliography and index.)

The author of this book, who is professor of economics in the University of Allahabad, states in a preface that it was written "with the object of explaining the intricacies of Indian currency and exchange in language as simple as possible for the enlightenment of the general public." He also hopes that the book may prove of some use to college students beginning their courses in economics. An attempt to combine popular exposition with the satisfaction of textbook requirements results almost inevitably in a lack of coördination as regards both style and subject-matter. Professor Jevons' book is no exception to this generalization, for the treatment is very uneven, ranging from a simple exposition of general principles of money and banking suitable for use in elementary courses in economics to a fairly detailed examination of the vexing problems connected with the working of the gold exchange standard in India. However simplified for popular consumption, such problems are difficult of comprehension by any but the more advanced students of monetary theory and exchange operations.

The subjects dealt with in the opening chapters are sufficiently indicated by the chapter headings entitled, The origin of money, Coins and currency system, Double and single standards, Paper money, The work of a bank, Balance sheet of a bank. The treatment of all these topics is along orthodox lines and calls for no particular comment.

Chapter 7, The growth of banking, gives a brief account of the rise of banking in India and the position occupied by the existing joint stock, private and exchange banks. Unfortunately, as Professor Jevons states in the preface, the amalgamation of the Presidency banks into the Imperial Bank of India did not occur until the book had gone to the printer. Hence it was only possible to give in outline the main provisions of the act of 1920 which created the Imperial Bank.

The next two chapters, on inland remittance and foreign exchange, also apply specifically to India, although they can be made to serve the general purposes of classroom exposition. Toward the end of the chapter on inland remittance, the seasonal movement of funds in India is disposed of in three pages. A more detailed discussion of currency movements would have added greatly to the interest of the discussion.

The remaining nine chapters are devoted to an account of the establishment of the gold exchange standard in India, to a recital of changes occurring during and after the war, and to an examination of the rise of prices, and the causes of that rise. The findings and recommendations of the various committees that investigated the workings of the Indian currency system in 1893, 1898, 1913-1914, and 1919 are also clearly set forth with accompanying explanatory comment. This section of the book will prove highly useful to the average reader wishing to understand the working of the Indian currency system and the reasons for the changes introduced. The reader will, however, feel the lack of any critical analysis of the policies adopted by the government. Given the undeniably strong opposition, for example, found in certain quarters to governmental methods of exchange control, to the way in which the various funds have been administered, etc., more space might have been profitably devoted to examining these complaints and testing their validity. It is true that in a concluding chapter, entitled *Some popular fallacies*, the government is defended against the charge of profiting at the expense of the country by means of its currency and exchange operations. The defense, however, is merely an assertion that any profits received by exchange operations form part of the revenue of the Empire and to that extent lighten the burden of taxation. In this same chapter, the government policy of high exchange as embodied in the legislation of 1920, designed to raise rupee exchange to 2s in terms of gold, is also upheld or, at any rate, an attempt is made to show that the injurious effects of a high exchange policy are only transitional, and a permanently higher exchange rate may be attained by a process of currency contraction. In the opinion of the reviewer there is a disposition to minimize the incidental industrial losses and to postulate an easier and speedier adjustment between internal prices and higher exchange rates than is actually possible. It will be remembered that the 2s rate was recommended at a time when the high price of silver had raised the value of the rupee far above the point at which melting became profitable with the rupee valued at 1\40. With adverse trade balances, and consequent fall in the exchanges, the attainment of the higher exchange rate was no longer immediately possible.

The text is followed by several appendices of which the most important is a selected bibliography of books relating to Indian finance, including a few general texts on money and exchange and Indian official publications. Accessibility to Indian students probably determined the selection of the few English periodicals listed.

ANNA YOUNGMAN.

NEW BOOKS

- AMBEDKAR, B. R. *The problem of the rupee. Its origin and its solution.* (London: King. 1923. 12s. 6d.)
- BASTIAN, E. *Lexikon des Geld-, Bank- und Börsenwesens.* (Stuttgart: Muth. 1922.)
- BIRKS, H. W. *The joint stock and private banks of London.* (London: Effingham Wilson. 1923. 1s. 6d.)
- BOYLE, J. E. *Chicago wheat prices for eighty-one years: daily, monthly and yearly fluctuations and their causes.* (Ithaca, N. Y.: Author, Cornell Univ. 1922. Pp. 71.)
This exhibits by charts the prices of wheat in Chicago from 1841-1921; of service to those who are interested in the effect of future trading.
- CAILLEZ, M. *L'organisation du crédit au commerce extérieur en France et à l'étranger.* (Paris: Lib. Général de Droit et de Jurisprudence. 1923. Pp. 376. 20 fr.)
- COOPER, O. *How the banks serve business.* (New York: Alexander Hamilton Inst. 1922. Pp. 28.)
- DÖRING, H. *Die Geldtheorien seit Knapp. Ein dogmenhistorischer Versuch.* Second enlarged edition. (Greifswald: Ratsbuchhandlung L. Bamberg. 1922. Pp. viii, 281.)
- ESLEVIN, V. *Le marché de l'argent, les fluctuations des cours de 1915 à 1922, leurs conséquences monétaires.* (Paris: Recueil Sirey. 1922. 15 fr.)
- EVANS, S. *The monetary policy of South Africa.* (Johannesburg, So. Africa: Author, Chairman of Crown Mines, Ltd. 1922. Pp. 11, 12.)
- FISCHER, C. A. *Vom Staatsbankrott.* A second, much-altered edition. (Karlsruhe: Braun. 1922. Pp. 141.)
- FISHER, I. *Stabilizing the dollar.* (New York: Macmillan. 1923. Pp. 112.)
Reprinted from *The Stabilization of Business*, edited by L. D. Edie.
- GEILER, K. *Die Geldenwertung als Gesetzgebungsproblem des Privatrechts, zugleich ein Vorschlag auf Einführung der Neumark.* (Mannheim: Bensheimer. 1922.)
- GUESDON, V. *Les caisses d'allocations familiales, leur mouvement de création et d'extension.* (Paris: La Vie Universitaire. 1922. 15 fr.)
- HANNAFORD, C. F. *Cheques.* (London: Pitman. 1923. 6s.)
- HEYMANN, H. *Die Völkerbank.* (Berlin: Rowohlt. 1922. Pp. 61.)
- KAVANAUGH, T. J. *Bank credit methods and practice.* Second edition. (New York: Bankers Pub. Co. 1922. Pp. 241.)
Contains chapters on essentials of a credit risk, foreign credits, commercial paper, and trade acceptances, bankers' acceptances, theory and importance of statement analysis, and credit department methods. The author successfully endeavors to present the treatment in simple and non-technical language. Illustrations and forms in regard to credit analysis will aid the student.
- KERSCHAGL, R. *Die Lehre vom Gelde in der Wirtschaft. Universalismus und Individualismus in der Entwicklung der Geldtheorie.* (Vienna: Manz. 1922. 100 fr.)

_____. *Theorie des Geldes und der Geldwirtschaft.* (Jena: Fischer. 1923.)

KILIANI, R. *Die Grossbanken-Entwicklung in Holland und die Mitteleuropäische Wirtschaft.* Second, newly revised edition. (Leipzig: Felix Meiner. 1923. Pp. 62.)

LEDERER, C. *Metallgeld oder Zeichengeld.* (Munich: J. Schweitzer Verlag. 1923. Pp. 53.)

LEHFELDT, R. A. *Restoration of the world's currencies.* (London: King. 1923. 6s.)

LEHNER, A. *Was wird nach der Mark-Stabilisierung?* (Berlin: Verlag für Politik und Wirtschaft. 1922. Pp. 15.)

MAGEE, J. D. *Materials for the study of banking.* (New York: Prentice-Hall. 1923. Pp. xii, 769.)

This is a valuable source-book of material for students of banking. It is "frankly patterned after Professor Charles W. Gerstenberg's *Materials of Corporation Finance*." Each chapter has a brief syllabus, followed by materials, problems, and short bibliographical lists. Many of the extracts are taken from government publications, as the reports of the Comptroller of the Currency, the *Federal Reserve Bulletin*, and the *Monthly Review* of the Federal Reserve Bank of New York. The Federal Reserve act amended is reprinted. The extracts as a rule are several pages in length, thus giving substance and significance to the material. Facsimile forms of checks, drafts, and other negotiable instruments are included.

Among the chapter headings are negotiable instruments, credit analysis, deposits and loans, note brokerage and acceptances, clearing, check collections, bank organization and management, savings banks, trust companies, government regulations of banking in the United States to 1860, the national banking system, state regulation of banking illustrated by New York, European banking, the Canadian banking system, federal reserve system, cooperative and agricultural credit, financing foreign trade, and cattle loan and automobile financing companies.

Little attention is given to theoretical discussion, or to defects in the present banking system and possible remedies; but the volume will be of great service for an intelligent understanding of current banking institutions and credit practice.

MARSHALL, A. *Money credit and commerce.* (London and New York: Macmillan. 1923. Pp. xv, 369. 10s.)

MARTIN, G. *Banques régionales et banques locales.* (Paris: Editions de la France Economique et Financière. 1923. Pp. 85. 3.75 fr.)

MINTY, L. LEM. *American banking methods.* (London: King. 1923. 12s. 6d.)

PALMER, A. R. *Finance.* (London: G. Bell & Sons, Portugal St., W. C. 2. 5s.)

PRESTON, H. H. *History of banking in Iowa.* (Iowa City, Ia.: State Historical Soc. 1922. Pp. xiii, 458. \$2.)

The scope of this book is larger than its title would indicate. In fact, the author conceives the term "banking" to include not only commercial banks, but "savings banks, fiduciary institutions, investment banks of various classes, farm mortgage companies, industrial loan institutions, and

various other special types of financial institutions." The volume contains chapters on all these subjects under one title or another. The last chapter contains a history of the Iowa Bankers Association. A unique feature of this history is the chapter on the bank and the community, in which the author studies the functions of a bank in a somewhat unusual way. This chapter is largely a study of the services of the bankers of the state and brings out the many ways in which the prominent men in this industry have been the leaders not only in financial matters, but in social affairs as well. In fact, the author emphasizes the "community services" of the bankers as well as the financial services. Thus he says: "The Iowa Bankers Association has supported the movement for consolidated schools and has cooperated with the Superintendent of Public Instruction to secure sound legislation for this purpose. Individual bankers will be found active on local schools boards, library boards, chautauqua committees, and other agencies for educational betterment."

The author is of the opinion that the distinctive feature in the banking situation of Iowa at present is the large number of banks in the state. This is due to the high per capita wealth, to the patronage of practically all the members of the community, to the large volume of "rural business tributary to the small towns, and to the ability of the small towns to support banks." The result of this situation is that competition in the banking business is very keen. For the most part "it is clean competition and brings to the communities the maximum of service from the banks." It appears from the author's discussion that banking in Iowa ran the same course as in other states, and there was the usual round of wild-cat banks, popular opposition to banking, prohibition of banking, with order gradually appearing with the establishment of the National Banking System. Iowa was fortunate in her experience with state banking. The institution managed to keep out of politics, and therein lay the chief reason for its success. At the present time, the banking system of the state has become widely specialized to serve the varied financial needs of the community.

ISAAC LIPPINCOTT.

RAU, B. R. *Present day banking in India*. (Calcutta: Univ. of Calcutta. 1922.)

ROSS, V. *A history of the Canadian Bank of Commerce, with an account of the other banks which now form part of its organisation*. Vol. II. (Toronto: Oxford Univ. Press. 1922. Pp. xviii, 595.)

In the December, 1921, number of the REVIEW (vol. 11, p. 708) there is a brief note in regard to the issue of volume I. This second volume is devoted more exclusively to the history of the Canadian Bank of Commerce. The first chapter begins with 1850 and contains an account of the introduction of free banking into Canada, the railway expansion and speculation of 1852-1857, the depression of that period, and the founding of the Canadian Bank of Commerce in 1866. Successive chapters deal with the subsequent history of the bank, the establishment of a branch in the Yukon territory, and the legislative development of the Canadian bank system. The latter chapter is of special interest at the present time owing to the revision of the Banking act which is now taking place. The volume concludes with statistical tables and diagrams relating to the growth of the bank, and a very complete index. As in the first volume, there are many illustrations, maps, charts and facsimiles of notes and

currency. The two volumes together provide a history of banking in Canada. Many persons collaborated in the preparation of this study; among them, Dr. O. D. Skelton, of Queen's University, Dr. C. W. Colby, of McGill University, and Dr. Adam Shortt.

ROZUMEK, P. *Das Kreditgeschäft im Bankbetriebe*. Fifth edition. (Berlin: C. Flemming & C. T. Wiskott. 1923. Pp. 434.)

RUEFF, J. *Le change, phénomène naturel*. (Paris: L'Opinion, 4 Rue Chauveau-Lagarde. 1923. Pp. 16.)

SCHIELE, W. *Naturwissenschaft vom Gelde*. (Leipzig: Reichenbachsche Verlagsbuchhdlg. Hans Wehner. 1922. Pp. iv, 204.)

SCHMALENBACH, E. *Goldmarkbilanz*. Second edition. (Berlin: Julius Springer. 1923. Pp. iv, 56.)

SCHMIDT-ESSEN, A. *Währungsfragen der Gegenwart. Gesammelte Aufsätze*. (Jena: Fischer. 1922. Pp. vii, 174.)

SCHUSTER, F. *The Bank of England and the state: a lecture delivered on November 14, 1905*. Second edition. (London and New York: Longmans, Green. 1923. 3s.)

SCHWIEDLAND, E. *Geld und Währung*. Second edition. (Stuttgart: Verlag von W. Kohlhammer. 1923. Pp. 46.)

SMELLIE, W. *A paper on money in support of bi-metallism*. (Liverpool: Charles Birchall. 1923.)

STROWBRIDGE, J. W. *Farm and terminal market prices: wheat, corn, and oats, crop movement year 1920-1921*. U. S. Dept. of Agriculture, bull. 1083. (Washington: Gov. Prtg. Office. 1923. 10c.)

TRISCA, P. *Le chèque. Son internationalisation et son risque professionnel*. (Paris: Giard. 1923. Pp. 290.)

WARD, R. A. *The bank agricultural department*. (New York: Bankers Pub. Co. 1923. Pp. vi, 137.)

A brief but interesting account of ways by which banks coöperate with farmers in furnishing information and improved equipment, and in stimulating more progressive methods in agriculture.

WESTON, W. J. *Banking and currency*. (London: Clive. 1922. Pp. 380.)

WOLF, H. and KURT, P. *Das Geldkapital der Industrie*. (Berlin: Verlag des Berliner Börsen-Courier. 1922. Pp. 111.)

WRIGHT, I. *Farm mortgage financing*. (New York: McGraw-Hill Book Co. 1923. Pp. viii, 343. \$3.)

This is the author's second book on farm credit and, as the title indicates, is confined to farm mortgages, or long-time farm credit; the former dealt with short-time farm credit. It opens with a discussion of the development of the American farm mortgage system and the factors affecting prices of land—as tariff, population, transportation, and value of farm products. To show the relation between value of farm products and land values, the author uses as he states, for lack of a better medium, land values and corn values over a series of years.

With reference to forced liquidation of farmers, the author holds that "all such catastrophes can be avoided. . . . by a simple, sensible method

of financing agriculture with the long-time credit it needs." In dealing with the subject of farm mortgages in the United States he notes that few tenants have taken advantage of the federal farm loan system, also that, in the long run, increased agricultural production will benefit the farmer by enabling him to buy more cheaply through reduction of cost of labor in manufacturing enterprises.

A comparison between land mortgage conditions in Europe and the United States is made and the weakness of the old land credit system in the United States pointed out. Considerable space is given to a discussion of the outstanding features of the Federal Farm Loan act, the rulings made by the Federal Farm Loan Board, and the development of the system. One chapter each is devoted to the part that private land mortgage banks, insurance companies, national banks, and state banks have played in the development of the farm mortgage system in the United States, and the advantages and difficulties under which these various agencies have operated. Another chapter is devoted to a brief review of the function of trust companies and trustees, and the restrictions under which the latter operate. The legal aspect of farm mortgages is presented and some court decisions are cited.

The injustice of taxing both land and the mortgage is shown; also the difficulties of rectifying this. The arguments for and against tax exemption of the bonds of the federal farm land banks are listed. The author states that in the long run farmers will not benefit from tax exemption of farm mortgage bonds and he is opposed to tax exemption of all special securities. The reasons why farm mortgages meet the requirements of careful investors are cited, and the particular advantages of the federal farm loan bonds are emphasized.

Chapter 14, on the economic valuation of land in the United States and England, gives the various factors entering into such valuation, and the following chapter treats of valuing land under the rights of eminent domain. Both of these chapters contain valuable contributions. The discussion of valuing farm lands under the federal farm loan system gives the methods used and the special problems confronting appraisers in the various bank districts; for example, in New England, scenery and historical features greatly affect value and salability. The last chapter (27) takes up in a stimulating manner the factors affecting price of agricultural land. Several quotations from Alfred Marshall and John Stuart Mill are given in support of the author's presentation.

The bibliography contains an extended list of references, many of which are from German and French sources. Two parts of the appendices in particular merit mention—a lengthy review of land title registration in the United States and an outline of the Federal Farm Loan act of March 3, 1923. The author in this work has brought together much valuable information bearing on land mortgage credit in the United States, and the book will prove of value to students of the subject.

A. H. BENTON.

Annual report of the Comptroller of the Currency to the third session of the Sixty-seventh Congress of the United States. (Washington: Gov. Prtg. Office. 1922. 75c.)

The Canadian Bank of Commerce, year book, 1922. Vol. ¹⁹²³ III. (Toronto: Canadian Bank of Commerce. 1923.)

Chart of money and discount rates in London during the year 1922. (London: Page and Gwyther. 1923.)

Proceedings of the Arizona Bankers' Association. Vol. XVI, 1922. (Tucson, Ariz.: C. F. Solomon, Pres., Arizona Bankers' Assoc. 1923. Pp. 133.)

Public Finance, Taxation, and Tariff

NEW BOOKS

ABEL, J. F. *School funds. State aid to weak schools.* Rural school leaflet 7, Sept., 1922. (Washington: U. S. Bureau of Education. 1922. Pp. 12.)

ANGAS, L. L. B. *Germany and her debts. A critical examination of the reparation problem.* (London: Harry J. Simonds. 1923. 6s.)

BUTZE, F. *Praktische Steuerrkunde.* (Leipzig: Max Gehlen. 1922.)

CARANO-DONVITO, G. *Lezioni di scienza delle finanze.* (Palermo: O. Fiorenza. 1923.)

DAWES, C. G. *The first year of the budget of the United States.* (New York: Harper. 1923. Pp. x, 436. \$6.)

DELEMER, A. *Le bilan de l'étatisme.* (Paris: Payot. 1922. 10 fr.)

FOIGNET, R. and DUPONT, E. *Manuel élémentaire de législation financière.* (Paris: Rousseau. 1923. 12 fr.)

GEILER, K. *Das neue Körperschaftssteuergesetz.* (Mannheim: J. Bensheimer. 1923. Pp. xx, 383.)

GIBLIN, J. V. *Practical federal income tax procedure.* Fifth edition, revised Feb., 1923. (Boston: Seaver-Howland Press. 1923. Pp. 177. \$6.)

DE KOCK, M. H. *An analysis of the finances of the Union of South Africa.* (Cape Town, So. Africa: Juta & Co. 1922.)

LATHROP, E. A. *School funds: legislation affecting consolidation.* Rural school leaflet 5, Aug., 1922. (Washington: U. S. Bureau of Education. 1922. Pp. 4.)

LESCURE, J. *Le problème des réparations: comment le résoudre.* (Paris: Plon. 1922. Pp. 30. 3 fr.)

MAGNI, E. *La pressione delle imposte dirette in Italia.* (Roma: Athenaeum. 1921. Pp. 103. 4 l.)

MANCHESTER, O. L. *Taxation in Illinois.* (Springfield, Ill.: Illinois State Teachers' Assoc. 1922. Pp. 62.)

OGAWA, G. *Expenditures of the Russo-Japanese War.* Carnegie Endowment for International Peace, division of economics and history, Japanese monographs. (New York: Oxford Univ. Press. 1923. Pp. xvi, 257. \$2.50.)

ONO, G. *Expenditures of the Sino-Japanese War.* Carnegie Endowment for International Peace, division of economics and history, Japanese monographs. (New York: Oxford Univ. Press. 1923. Pp. xiv, 330. \$2.25.)

- . *War and armament expenditures of Japan*. Carnegie Endowment for International Peace, division of economics and history, Japanese monographs. (New York: Oxford Univ. Press. 1923. Pp. xviii, 314. \$2.25.)
- PALMER, H. R. *Finance*. Bell's handbooks of commerce and finance, vol. I. (London: Bell. 1922. 5s.)
- PISSSEL, L. *Die Einkommensteuer vom Arbeitslohn unter Berücksichtigung des Gesetzes vom 20. VII. 1922*. (Munich: J. Schweitzer Verlag. 1922. Pp. 127.)
- SNELLING, W. E. *Dictionary of income tax and super-tax practice*. Fifth edition. (New York: Pitman. 1923. Pp. 27 + 578. \$8.)
- TAUSSIG, F. W. *The tariff history of the United States*. Seventh edition, revised and enlarged. (New York: Putnam. 1923. Pp. xi, 499.)
- This edition, the seventh, of a standard work has been brought to date by a chapter on the Tariff act of 1922. The text of earlier chapters has also been revised.
- Annual report of the comptroller of New York state for the year ended June 30, 1922*. (Albany: State Comptroller. 1922. Pp. 56.)
- Custom House guide and United States customs tariff*. (New York: Brokers' Room, Custom House. 1923. \$5.)
- The income-tax and the individual*. Revised to January 1, 1923. (Montreal: Royal Trust Co. 1923.)
- The tax rates of Illinois cities in 1921*. Bureau of Business Research, bull. no. 3. (Urbana, Ill.: Univ. of Illinois, Bureau of Business Research. 1923. Pp. 16.)
- United States income and war tax guide, 1923, based on 1921 laws and 1922 regulations*. (New York: Halsey, Stuart & Co., 14 Wall St. 1923. Pp. 127.)
- Verzeichnis der Finanzämter des Deutschen Reichs. Stand vom März 1922*. (Berlin: Reichsdruckerei. 1922. Pp. 60.)

Population and Migration

NEW BOOKS

- CORDOVA, A. *Gli aspetti presenti e futuri dell' emigrazione*. (Turin: S. Lattes & C. 1923. 51.)
- DAVIS, J. *The Russians and Ruthenians in America: bolsheviks or brothers?* Racial studies, New American series, vol. 3. (New York: George H. Doran Co. 1922. Pp. xiv, 155.)
- . *The Russian immigrant*. (New York: Macmillan Co. 1922. Pp. xv, 219. \$1.50.)

The relationship between these two books is not entirely clear. Apparently *The Russians and Ruthenians* was published a few months earlier than *The Russian Immigrant*, and the latter is a somewhat amplified and "footnoted" volume. Unfortunately the preface to this apparently later volume makes no reference to the earlier book. The same sources of information have been used for both volumes, and these are de-

scribed in some detail in the two prefaces. These sources are, in addition to published material on the subject, some unpublished material obtained from a Chicago master's thesis and from such organizations as the Foreign Language Information Service, the Inter-Racial Council, and, finally, a field investigation made by the writer, who undertook "to visit the chief city of each district of the Russian Greek Orthodox Church in America." The reviewer is somewhat at a loss to understand why two books were published. *The Russian Immigrant* is the better book, but the material is so nearly identical with that in the earlier volume that it is not easy to understand why a rewriting within a few months was thought necessary. The material is somewhat differently arranged in the two books. Thus, translated quotations from Russki Golos and Russkoye Slovo are found in the conclusion (pp. 182-184) in *The Russian Immigrant*, whereas in *The Russians and Ruthenians* the same quotations appear in a chapter on Educational forces (pp. 62-64). The same quotations from Dean Pound, Judge Thompson and the Polulech and Layrowsky cases are found in a chapter in the earlier book on Relations with the American people (pp. 122-23) and in *The Russian Immigrant* in a chapter on Relations to our government (pp. 165-67). The writer's experience in the Lawrence strike is detailed in the same words on page 158 of the later and page 120 of the former. The same quotations from *Justice and the Poor* appear under the heading Arrests during strikes in the first book and under Courts in the second. Mr. George Creel, a Russian priest in Cleveland, and Commissioner Sibray are quoted in the chapter on Educational forces in the first book (p. 67), and the same quotations are used in Organized social forces (p. 108), in the second. An income tax letter from the Foreign Language Information Service is given on pages 116-17 of the first and page 155 of the second, and so on. There is a much more detailed account of the Russian press in the later book (pp. 123-142).

As regards the longer and apparently the later volume, it should be said that *The Russian Immigrant* is an interesting and useful sociological study of Russian America. It does not deal with the general subject of immigration from Russia. It deals only with the "real Russians," that is, the Russian Slavs, Great Russians, White Russians, and Little Russians. The study does not include the minority races of old or new Russia, such as the Jews, Poles, Finns, Letts, or Lithuanians.

The author, who speaks and reads Russian, personally visited a large number of the Russian communities in this country, interviewing Russian priests, editors of Russian papers, various types of Russian immigrants as well as employers of Russian labor, social workers in contact with Russian immigrants, etc. His attitude toward the immigrants is sympathetic throughout, and he assembles numerous cases of suffering and injustice which they have endured. As in most studies of special immigrant groups, the facts collected do not for the most part relate to the one special group but to all recent immigrants, and even so regards housing and working conditions in many places, to all workers, native born as well as immigrant.

The chapter on the Russian Greek Orthodox Church in America and its relation to the Russian immigrant is especially interesting and informing. The book also contains a brief appendical chapter of interest, entitled The social impress of an autocracy, designed to help the reader

understand the social attitudes which the Russian immigrant brings with him. The book would have been more useful to many readers, if the writer had dealt more fully with the subject of emigration conditions in Russia.

EDITH ABBOTT.

JOHNSEN, J. E., compiler. *Selected articles on the negro problem*. The handbook series. (New York: H. W. Wilson Co. 1921. Pp. xxxvii, 370. \$2.25.)

This compilation is intended, as the explanatory note says, to be "an interpretation of the leading aspects of the negro problem of today." The compiler has aimed at impartiality toward all views.

Of the making of scrap books there is no end. They are undoubtedly useful to teachers of economics, sociology and law, to debaters, and sometimes to the general reader. This one is unusually well organized, has a good bibliography of popular literature, and is not unwieldy in size. The content of such a book must be judged from the pedagogical rather than from the scientific point of view. The negro problem is primarily one of fact. It will not be solved or even greatly mitigated through a study of conflicting opinions, however impartially they may be presented. The compiler has overlooked one phase of opinion in her selections, perhaps unavoidable. The selections from southern writers are mainly from men like Sutton, Murphy, and Kessler, who see the race question in an enlightened way. The great mass of ignorant prejudice, both northern and southern, against the negro is scarcely represented, although it constitutes one of the most important factors in the whole problem. Fact and opinion are mingled in the selections, but the grains of fact have to be sought in the chaff of opinion. As a sampling of opinion, the book is, with the exception noted, adequate, but to a scientific, factual study of the negro problem it contributes little. Handled with discretion, it will, however, be found a useful book for classes making a survey study of the negro problem.

A. B. WOLFE.

KEMPSKI, DR. *Niederländisch-Indien als Auswanderungsziel mit besonderer Berücksichtigung der indischen Landwirtschaft*. (Hamburg: Verlagsbuchhdlg. Broschek & Co. 1922. Pp. 20.)

LAUGHLIN, H. H. *Eugenical sterilization in the United States*. (Chicago: Psychopathic Laboratory of the Municipal Court. 1922. Pp. xxi, 502.)

PHELPS, E. M., compiler. *Selected articles on immigration*. The handbook series. (New York: H. W. Wilson Co. 1921. Pp. xi, 370. \$1.80.)

The book is divided into two parts, one dealing with immigration in general, the other with Asiatic immigration. Each part is arranged in the order of brief, bibliography, general discussion, affirmative discussion, and negative discussion. The bibliographies are made up largely from references to popular periodicals. Considering the use to which such a book is likely to be put, this is probably justifiable. On the whole the selections are well chosen, although more space perhaps is given to the history of immigration than is essential.

A. B. WOLFE.

RIVERS, W. H. R. *Essays on the depopulation of Melanesia*. (Cambridge, Eng.: The University Press. 1922. Pp. 116.)

SADLER, W. S. *Race decadence*. (Chicago: A. C. MacClurg. 1922. Pp. 421.)

WARD, R. de C. *Our immigration problem today*. (Boston: Immigration Restriction League, P. O. Box 2321. 1923. Pp. 12. 10c.)

Social Problems and Reforms

NEW BOOKS

BINGHAM, W. V. *Psychology applied*. The Scientific Monthly, February, 1923. (Utica, N. Y.: The Science Press. 1923. 50c.)

In an intimate and interesting way Dr. Bingham presents the history of applied psychology at the Carnegie Institute of Technology. The uses of psychology in the four colleges of this institution "grouped themselves around the outstanding problems of selection of students for admission, vocational and educational guidance, and placement at graduation, together with helping to give an insight into human nature to all students whose career would require ability in understanding and controlling people." The story which follows, of the personnel, its problems and accomplishments, is an effective appeal for a virile psychotechnology. These pages give a live meaning to the author's concluding statement that "a vast field of promise lies open to any institution which sets out upon similar adventures in the realm of psychology applied."

C. L. S.

BRIGHAM, C. C. *A study of American intelligence*. (Princeton, N. J.: Princeton Univ. Press. 1923. Pp. xxv, 210. \$3.50.)

The tests given to nearly two million soldiers of the American army in the recent war have given psychologists and statisticians a wealth of material with which to illuminate us on many problems of mentality. One of the most salient of these problems is the nature of our immigration. Dr. Brigham points out that since 1890 there has been a relative decrease in the Nordic immigration and a relative increase in the Alpine and Mediterranean types; that an accurate study of the army data shows that "the representatives of the Alpine and Mediterranean races in our immigration are intellectually inferior to the representatives of the Nordic race"; that "we are getting progressively lower and lower types from each nativity group or race"; and that "we favor in our immigration law those countries 35 per cent of whose representatives here are below the average negro." "According to all evidence available, American intelligence is declining, and will proceed with an accelerating rate as the racial admixture becomes more and more extensive..... The really important steps are those looking toward the prevention of the continued propagation of defective strains in the present population, for even if all immigration were stopped now, the decline of American intelligence would still be inevitable."

The first part of the book gives a presentation of the various army tests, their nature and reliability. The remainder of the book deals with the problems referred to above. The entire volume is written with unusual clarity, and is profusely illustrated with perfectly intelligible tables and graphs.

CHARLES LEONARD STONE.

CANNON, I. M. *Social work in hospitals; a contribution to progressive medicine*. New and revised edition. (New York: Russell Sage Foundation. Pp. xiii, 247. \$1.50.)

CUBBERLEY, E. P. *A brief history of education*. (Boston: Houghton Mifflin. 1922. Pp. 462.)

FAY, C. N. *Too much government, too much taxation*. (Garden City, N. Y.: Doubleday, Page. 1923. Pp. xix, 416. \$2.50.)

Belongs more particularly to the field of political science. The title indicates the purpose of the book. Chapters deal with government meddling with big business, and government attitude toward labor. The Interstate Commerce Commission, Federal Trade Commission, and Railroad Labor Board are regarded as useless commissions. New canons of taxation are needed to take the place of our present complicated system.

FISK, E. L. *Health building and life extension. A discussion of the means by which the health span, the work span and the life span of man can be extended*. (New York: Macmillan. 1923. Pp. xvi, 521. \$3.50.)

HADLEY, A. T. *Economic problems of democracy*. (New York: Macmillan Co. 1923. Pp. vi, 162. \$1.50.)

In arranging the delivery and subsequent publication of this first course of lectures from the Watson chair, the Anglo-American Society has rendered a distinct service to both nations. President Hadley's studies of the working of modern democracy are marked by that ripe and rare wisdom which comes from the understanding of life as well as theory. He sees the problems of economic freedom, industrial and political combination, class consciousness and its effects, as essentially dynamic; and the fact renders his treatment of economic institutions as stimulating as his reading of history.

The book is studded with epigrammatic dicta whose full implications are liable to be missed on a first reading on account of its ease and clarity of style. Its general thesis is indicated in such passages as the following: "Our fundamental problem, as leaders of democracy, is to make people see what really is their duty under modern conditions, instead of letting them think they are doing their duty in applying yesterday's ideals of morals and of law to the business of today." As President Hadley sees it, this task involves the education of certain economic classes ~~along lines~~ which he does not hesitate to specify. So far as labor solidarity rests on the assumption that labor is what creates value, there is work for the economist. The dogma of the fixity of inviolability of property right President Hadley regards as both pragmatically and historically false; while of the policy of commercial isolation as embodied in the Fordney tariff he remarks: "If other democracies follow the lead of the United States in trying to produce everything within their own borders and in using the tariff as a defensive weapon to make this possible, we shall see the overthrow of nearly everything that was accomplished during the earlier part of the nineteenth century to bring nations closer together."

The attainment under modern conditions of a safe and successful working democracy—which these lectures clearly show to be an open question—thus rests primarily upon the education of the mass of voters; and of the confusion of means with ends which vitiates so large a part of

present-day American methods Dr. Hadley speaks both plainly and constructively. To those concerned more especially with the study of society this book will come as a reminder that their science—whether they will or no—is essentially purposive, and that it has work of vital importance and no small difficulty still to accomplish.

WILLIAM ORTON.

JACKSON, H. E. *Robinson Crusoe, social engineer.* (New York: Putnam. 1922. Pp. x, 297. \$3.)

"The aim of this book is to state, in popular and picturesque fashion, what the discovery of a community of interest would mean to modern industry. The author believes that a policy built on this discovery is the path to industrial peace, and that there is no other. He also believes that this principle has the creative power to build a New Industrial America" (pp. vii-viii). "The reason why Robinson Crusoe had no labor troubles after Friday came, was because his attitude toward him was determined by the theory of duties; the sense of responsibility for for his personal development" (p. 265). Author is president of the National Community Board.

JONES, R. *The American standard of living and world coöperation.* (Boston: Cornhill Co. 1923. Pp. xviii, 329. \$3.)

Regarded well-nigh as an idol, the American standard of living thrills the imagination of most of us. True, up to the present, it has had as little rational inspection as any other idol; nevertheless many practical issues touching the interests of every member of a commonwealth are determined by it. The standard of living has become the catchword by which every American, whether statesman, employer, or working-man, believes he can test the merits of any program of economic or political action. It is disappointing therefore that this book is no contribution to a field where there is so much interest and so much to be done.

The author's announced purpose (page 7) is to show how legislation aimed to maintain and raise the standard of living has affected our international relations through our immigration laws and protective tariff policy, for instance. In the last two chapters the author dwells on the interdependence of national standards of living and the impossibility of national isolation, closing with a plea for international coöperation to replace the "mere nationalism" engendered by the war.

Usage controls the sixteen chapters of the volume. The author, evidently a novice in "political economics," as it is called at one point, follows a regrettably general custom which omits the qualitative measure in rating standards of living as high or low. Yet if there is any hope for a clear statement of a given standard, American or any other, this hope derives from the use of the quantity and cost method, according to which specially trained persons adopt a level of living, analyze it into the details that custom has affixed to that level and then reduce the standard so accepted to lists of commodities and services. Fundamentals that need analysis are left unrevised; where more facts are wanted, those already collected are only given in part and as an act of supererogation; neither résumé, additional data, nor logical analysis appear. Statistics seem to be a new and awe-inspiring field of enterprise to the author, who warns the reader "impatient of scientific conclusions" that he may leave unread chapter 2, containing a planless selection from among the studies of working-class expendi-

tures since Petty. As further instance of poor method and unsteady point of view, we find it stated that "all economic arguments resolve themselves into the fundamental principles that if a people prosper economically then automatically its standards are changed and raised" (p. 297). This, although throughout the book the argument in general moves upon the hypothesis that only as the standard of living changes and rises does a people prosper.

There is undoubted earnestness of purpose in the book. A careful annotation demonstrates industry, as does also a lengthy bibliography and a good index. But neither sound method nor thoroughness controlled the choice or presentation of the titles named in the bibliography, and muddled commentary plus a ludicrously faulty style discredit the whole work. The specialist will find all that is contained here in volumes he already knows.

JESSICA B. PEIXOTTO.

KAUFFMAN, T. E. and FURNEY, O. *The organization and teaching of industrial and homemaking subjects in part-time or continuation schools.* (Albany, N. Y.: C. F. Williams & Son. 1922. Pp. 45. 80c.)

LINK, H. C. *Education and industry.* (New York: Macmillan. 1923. Pp. xv, 265. \$2.)

So accurate a writer as Mr. Link makes his own summary: "To evaluate past educational activities for the future presupposes practical experience on the part of the person who makes the attempt. It is because I have limited myself to those phases of the subject in which I have had actual experience that this book fails to treat every aspect of industrial education in which educators might be interested. Within these bounds I have not hesitated to avail myself of the experience of others."

Mr. Link's book is not one that lends itself to easy summary. For the subject in hand, he has performed the same function that he performed in his equally valuable work on the psychology of employment. Here, again, the text is a compact weaving together of fact and principle: much and varied experience is drawn on. Chapter headings indicate the scope of the book: Industrial motion pictures; Americanization; General education—the responsibility of the community education versus propaganda as an educational force; General education—the responsibility of industry; Vocational guidance and industrial education; The vestibule school; Trade schools; Training of executives; The education of foremen and departmental heads; The educational significance of works councils; Sub-normal workers in industry; The training of salesmen; The basis of industrial education.

Mr. Link has indexed this volume well, and a feature of each chapter is a succinct summary of the main points made. As a textbook, as a reference book, as a guide to principle and tested practice, the volume is admirable.

W. L. STODDARD.

MCLEAN, F. H. *The organization of family social work societies in smaller cities.* (New York: Am. Assoc. for Organizing Family Social Work, 180 East 22nd St.)

MERRITT, W. G. *The struggle for industrial liberty.* (New York: League for Industrial Rights, 42 Broadway. 1922. Pp. 98.)

- NEILSON, F. *Duty to civilization*. (New York: Huebsch. 1923. Pp. 136. \$1.)
- O'LEARY, I. P. *Department store occupations*. (Cleveland, O.: Cleveland Education Survey. 1916. Pp. 127. 35c.)
- PLATT, C. *The psychological basis for social endeavor*. (Philadelphia: Municipal Court of Phila. 1922.)
- . *The psychology of social life*. (New York: Dodd, Mead & Co. 1922. Pp. 284.)
- SCHMECKEBIER, L. F. *The Public Health Service: its history, activities and organization*. Institute for Government Research, Service monographs, no. 10. (Baltimore: Johns Hopkins Press. 1923. Pp. xiii, 157. \$1.)
- SMITH, D. H. *The Bureau of Education: its history, activities and organization*. Institute for Government Research, Service monographs, no. 14. (Baltimore: Johns Hopkins Press. 1923. Pp. xiii, 157. \$1.)
- . *The office of the supervising architect of the Treasury: its history, activities and organization*. Institute for Government Research, Service monographs, no. 23. (Baltimore: Johns Hopkins Press. 1923. Pp. xii, 138. \$1.)
- STEVENS, B. M. *Boys and girls in commercial work*. (Cleveland, O.: Cleveland Education Survey. 1916. Pp. 181. 35c.)
- SU, S. G. *The Chinese family system*. (New York: International Press. 1922. Pp. 112. \$2.)
- SWIGGETT, G. L. *Business education*. Commercial education leaflet no. 2. (Washington: Gov. Prtg. Office. 1922. Pp. 14. 5c.)
- WISSLER, C. *Man and culture*. (New York: Crowell. 1923. Pp. xi, 371. \$2.75.)
- Part I, The meaning of culture; part II, The form and content of culture; part III, The relation of culture to man. Author is curator-in-chief, division of anthropology, American Museum of Natural History, New York. The object is to "interpret the concrete data of anthropological research rather than to develop new lines of inquiry."
- WEBER, G. A. *The Women's Bureau: its history, activities and organization*. Institute for Government Research, Service monograph, no. 22. (Baltimore: Johns Hopkins Press. 1923. Pp. x, 31. \$1.)
- WOODS, R. A. *The neighborhood in nation-building; the running comment of thirty years at the South End House*. (Boston: Houghton Mifflin. 1923. Pp. viii, 348. \$3.)
- Backward children*. Bulletin of the Russell Sage Foundation Library, no. 57. (New York: Russell Sage Foundation Library, 180 East 22nd St. 1923. Pp. 4. 10c.)
- A bibliography.
- Juvenile and welfare laws as amended by the General Assembly of Virginia, 1922*. (Richmond: State Board of Public Welfare. 1922. Pp. 87.)
- Social work, an outline of its professional aspects*. (New York: Am. Assoc. of Social Workers, 180 East 22nd St. 1922. Pp. 82. 25c.)

Vocational guidance. (Pittsburgh, Pa.: Pittsburgh Public Schools, Vocational Guidance Dept. 1923. Pp. 158. 10c.)

Women's contributions in the field of invention: a study of the records of the United States Patent Office. Women's Bureau, bull. no. 28. (Washington: Gov. Prtg. Office. 1923. Pp. 51. 10c.)

Insurance and Pensions

A Critical Analysis of Industrial Pension Systems. By LUTHER CONANT, JR. (New York: The Macmillan Company. 1922. Pp. xi, 262.)

Mr. Conant's study is an account of the various problems connected with the provision of superannuation pensions for the employees of industrial establishments. His conclusions are given in clear, succinct form and eliminate many of the current assumptions in this field. He finds, for instance, that, where the impelling cause for installing the pension system is the idea of reward for long service, it is practically without justification; as a means of reducing labor turnover, a pension produces only disappointing results; as a means of increasing efficiency, a pension is of value only in so far as it enables the employer humanely to dismiss an aged worker. In fact, the latter should be the main purpose of pension systems and is the only sound basis on which they can be justified.

Pension plans in actual operation in the United States are described under three headings: the non-contributory, discretionary systems; the non-contributory "limited-contractual" systems; and the contributory systems. Under these groupings is given a careful analysis of the various features of each plan, together with discussion of experience under them and also some quotations from the views of other writers.

The special contribution of the author, however, is his analysis of the single premium annuity plan which has been proposed as a substitute for the traditional retirement pension. The proposed plan—the author knows of only one establishment in which it has been installed—provides that after the completion of a preliminary period (*e.g.*, three to five years) a paid-up policy would each year be handed to the employee, assuring him of an income of, say, \$10 per year beginning with the age of 65. This annuity policy would be a bonus for continuity of service, provided at the expense of the employer, who would purchase it from an insurance company. Thus, if the employee remained with the firm for thirty years, he would by that time have accumulated policies which would provide an annuity of \$300 beginning at age 65. The various policies would of course be the property of the worker and his separation from the firm's service at any time would not affect the receipt of the annuities. Also the firm would be in a position to discontinue the system at the close of any year. The workers might,

with propriety, be induced to participate in the cost, or to supplement the firm's policy by purchasing additional policies.

The advantages of the plan are patent; it is a clear-cut business proposition, eliminating all taint of charity and removing all possibility of using the benefit as a club to coerce action during disputes; it would aid in removing inefficient workers, it would be fair to all groups of workers, it is financially safe and, finally, removes entirely any question of deferred pay.

The objections to the plan are carefully reviewed; the most serious of course is that of cost, which rises with each year of age and ranges from \$10.51 at age 20 to \$68.78 at age 60 for a ten dollar annuity beginning at age 65. Apparently the expense must be considered both in the light of what a formal, contractual system would cost and of what the employer is willing to pay for continuity of service.

An appendix gives a tabular statement of the various features of ninety-three pension systems now in operation in the United States. Only ten of these systems were in operation prior to 1910 and the author concludes that, for all practical purposes, these ninety-three funds make no contribution towards solving the problem of old-age dependency among wage-earners. If industry is to assume any part of the burden of superannuation, it may fairly be required to devise some more equitable method than now prevails in private pension practice.

The author has arranged his material well; some of the matter is distinctly new; and throughout the whole discussion there is a tone of frankness that conveys a rather unusual impression of sincere conviction. Altogether, the volume is a genuine contribution to the literature of the subject.

HENRY J. HARRIS.

Public Relief of Sickness. By GERALD MORGAN. (New York: The Macmillan Company. 1922. Pp. 195. \$1.50.)

This book is an argument for the creation of an independent system of health centers whose function would be to cooperate with a health insurance system such as was proposed in 1920 in New York and other states. The insurance organization under this plan would provide the cash benefit only, while the medical attendance, medicines, etc., would be furnished by the health centers, which would at the same time provide such service for the uninsured population also.

Mr. Morgan begins his argument by summarizing the facts brought out by the intensive study made by the Illinois Health Insurance Commission in 1919, which showed that really adequate medical treatment was available for the well-to-do classes only; the wage-earners and others with small incomes, who have the highest sickness rates, either

have inferior treatment or have unpaid treatment or resort to patent medicines. In any event, their treatment is insufficient and usually unsuccessful. The author then reviews briefly three foreign systems of health insurance, the Danish, German, and British, and finds that in all three countries it is handicapped by the necessity of keeping down expenses. He also finds that efforts at economy are principally directed to the medical benefit, which costs approximately as much as the money benefit, while a further difficulty arises from the fact that medical expenses are always increasing because of the advances in medical science. To meet this situation, the insurance carriers in all three countries make strict bargains with the medical practitioners, emphasizing the commercial side of practice, to the detriment of the patients and to the injury of the medical profession. The author's solution is to take the medical benefits out of the insurance and create a state health service independent of, but cooperating with, the insurance system.

By itself, such a plan would be likely to meet with general acceptance; in fact, it resembles the plan advocated by the English Fabians and its absence forms their chief objection to the British health insurance system. But when the health center plan, with its high cost, is offered at the same time as the insurance plan, it almost necessarily means a choice of one or the other, but not both. The managers of the industrial establishments would of course point to the burdens which the taxation for this purpose would mean to their undertakings and, if this were imposed at the same time as the health insurance assessments, the total would undoubtedly seem large.

The author's presentation of his thesis is marred by many statements which seem to indicate lack of care in preparation. Thus on page 49 it is stated: "But perhaps it is well to note that the Danish death rate at last reports (1921) was about 19 per 1,000, which is exceedingly high." The 1922 issue of the Danish official statistical year book, page 16, gives the 1920 rate as 12.9 per 1,000, which is distinctly favorable. Again, on page 137, it is stated: "For instance, it is not altogether impossible that a man handling hair or hides should contract anthrax from his own shaving brush at home, but that would be so very unusual as to be considered impossible." Yet anthrax from shaving brushes is a frequent cause of this disease; the evidence on the danger from this source was so clear, that the federal House of Representatives on June 19, 1922, readily passed the bill prohibiting the importation of shaving brushes containing horse hair.

On page 61 it is stated: "If the standard of living and amount of wages in Germany, as in Denmark, was low, that depended on other conditions and could not be raised by insurance." Yet this is one

of the important claims of the advocates of health insurance; if in Illinois, for instance, a health insurance system providing annually eighty million dollars of benefits were established, of which the insured paid only half, would not the other forty millions of cash and of services raise the standard of the beneficiaries, especially as the lower income groups would receive the greater benefit?

At times, the author seems to be in some haste to discredit the medical benefit of the European insurance systems. Thus he devotes about seven pages to discussion of the British benefit, four pages consisting of extracts from Brend, picturing the haste and crowding of doctors' offices, after which he concludes "the British medical benefits were wholly inadequate" (page 93). No reference is made to the official reports of the Chief Medical Officer of the Ministry of Health, where a complete survey of the facts is given. The 1920 issue of these reports (page 37) for instance, states that "Large lists are by no means common. About 34 per cent of insurance practitioners have less than 600 persons on their lists. Another 30 per cent have between 600 and 1200, 22 per cent have between 1200 and 2,000 and only 14 per cent have upwards of 2,000." These figures refer to persons, not patients; about 60 per cent of the persons insured become patients.

A brief bibliographical note concludes the volume.

HENRY J. HARRIS.

Washington, D. C.

NEW BOOKS

FISH, R. C. *Index-digest of life insurance decisions (cumulative)*. Compiled annually in conjunction with the weekly index-digest card service. (Indianapolis, Ind.: Author. 1922. Pp. 39.)

GAUDET, M. and LEFORT, J. *Les assurances sur la vie et la cour de cassation de 1914 à 1920*. (Angers: Impr. F. Gaultier. 1922. Pp. 54.)

MOLDENHAUER, P. *Das Versicherungswesen*. Second edition. (Berlin: W. de Gruyter & Co. 1923. Pp. 130.)

MURPHY, R. D. and PAPPAS, P. C. H. *Construction of mortality tables from the records of insured lives*. (New York: Actuarial Soc. of America. 1922. Pp. 72.)

SCHULZ, H. and ECKERT, C. *Grundzüge der deutschen Sozialversicherung*. (Berlin: Reimar Hobbing. 1922.)

WALL, A. W. *Australian insurance*. (Glasgow: James Hedderwick and Sons. 1923.)

WEBER, G. A. *The Bureau of Pensions: its history, activities and organization*. Institute for Government Research, Service monograph, no. 24. (Baltimore: Johns Hopkins Press. 1923. Pp. xi, 111. \$1.)

The North Dakota workmen's compensation insurance and the injured workmen. (Grand Forks, N. D.: Normandex Prtg. Co. 1922. Pp. 81.)

Pauperism, Charities, and Relief Measures

The Charity Organization Movement in the United States. By FRANK D. WATSON. (New York: The Macmillan Company. 1922. Pp. x, 560. \$4.00.)

The author has given us a very able presentation of the charity organization movement. He begins in an orthodox way with the roots of the developments as they appear in foreign countries. He includes a short account of the work of St. Vincent de Paul, Count Rumford, Thomas Chalmers, Frederick Ozanan and others. He also outlines the Hamburg and Elberfeld plans of charitable relief and briefly characterizes the original program of the London Charity Organization Society. In discussing American antecedents he stresses in particular the work of the associations for improving the conditions of the poor. The functions of the Charity Organization Society are discussed under three heads:—family rehabilitation; education of the community in correct principles of relief; and aid in eliminating the causes of poverty.

The author says that the efficiency of the society rests on the quality of its case work. Good case work not only promotes family welfare, but points out the social causes of distress and leads to a constructive program. Practical suggestions are made to the worker who may be wrestling with concrete problems such as the maintenance of a free employment bureau, charities' endorsement or the part which the society should play in managing a social service exchange. Several chapters are filled with excellent historical material describing the beginnings of charity organization in this country and the functions and work of particular societies. The broader programs of recent times are also neatly linked up with the evolution of the movement. Contacts with the practical problems of particular cities have resulted in leadership by these societies in the development of other forms of social service. Among these are the development of loan funds, the care of homeless men, disaster relief, housing reform, free legal aid and the anti-tuberculosis movement. A number of publications dealing with social welfare have also originated out of the recognition of the need of greater publicity and of a more satisfactory educational program. In a similar way a demand grew up for the training of social workers and one school of social work is still conducted by a charity organization society.

The author makes brief mention of specialized fields of work to which the charity organization movement gave the initial impetus. Among these fields of work are medical social service, special treatment for the handicapped, and mothers' pensions, but the author states definitely that there would have been no nation-wide mothers' pension legislation if the people had depended on the charity organization societies to

support the movement. In fact these organizations were formerly rather critical of the various forms of public outdoor relief. Some reference is also made to the more enlightened plans for carrying out a program of public relief, such as the so-called Iowa plan and the Los Angeles organization for relief work.

The writer discusses the growing effectiveness of social case work. Among the outstanding improvements are the developments in co-operation, in technique of social diagnosis and in the giving of adequate relief. One chapter is devoted to tests of efficiency. It includes a discussion of the worker, the administration, the office system, the problem of obtaining funds for the work, and relations with other social organizations. The book would not be complete if it did not consider the criticisms that are often made against organized charity. It is urged that there is too much "red tape" and that the work is palliative rather than preventive. Without ignoring the facts, the author shows that these criticisms are largely unfair.

The reviewer believes that the book is a real contribution to the literature of philanthropy. It provides a much better understanding of the central movement in the development of modern social work. It recognizes that charity organization has not attained a desirable degree of perfection, but that it is dynamic, that it inspires many other forms of social work and represents part of the big movement for the promotion of social welfare.

GEORGE B. MANGOLD.

Missouri School of Social Economy.

NEW BOOKS

CHANCE, W. *The Ministry of Health and the Poor law.* (London: King. 1923. Pp. 12. 1s.)

SAVOY, E. *Paupérisme et bienfaisance.* (Fribourg: Fragnière Frères, Editeurs. 1922. Pp. 422.)

Socialism and Co-operative Enterprises

Die Gemeinwirtschaft, Untersuchungen über den Sozialismus. By LUDWIG MISES. (Jena: Gustav Fischer. 1922. Pp. viii, 503.)

Professor Mises, of the University of Vienna, has recently published a book on socialism which deserves careful reading by friend and foe of the movement. It is a reëxamination of the theory of socialism and a clear, vigorous, and convincing restatement of the case for individualism, much in the tone of a Manchester Liberal of the '60s. It is a complete rejection of all forms of collectivism and all compromises with the forces which, in the opinion of the author, threaten the foundations of existing society. Professor Mises attempts to meet all serious

criticisms of capitalism and all arguments for collectivism, with the result that the book covers a surprising number of fields of learning, and, through abundance of references, opens up an interesting literature. The five sections deal with liberalism and socialism, the economic organization of the socialistic society, the doctrine of the inevitableness of socialism, the usual ethical and moral arguments for socialism, and destructionism.

Professor Mises rejects socialism on two grounds: first, because it affords no possibility of rational price fixation; second, because there is no possibility of an appropriate organization of production. The first assertion follows from the author's theory of value, wherein he stands squarely with the Austrian school, of which he is one of the most prominent younger members. Value, according to this school, is subjective. The individual subjective judgments, however, in a free market of buyers and sellers, finally result in an objective judgment, which through the intermediary of money, is known as price. Price can emerge therefore, only in an economic system where individuals or groups have disposal of economic goods which they bring upon the market. The essence of socialism, according to the author, is the collective ownership of the means of production. The goods and services produced by the members of the socialistic community, by the aid of the socially owned means of production, go into a common fund and are divided up among the members on some basis or other. The means of production have value, derived from the value of the finished goods and services which they aid in producing, but in as much as they do not come on the market there exists no means of determining their value. Under socialism price could only emerge for consumption goods. This, according to Professor Mises, is of the first importance in judging of the feasibility of socialism. Without prices at every stage of the productive process, rational, large-scale, round-about production is impossible. The introduction of socialism would not involve, of course, the complete and immediate disintegration of the modern capitalistic round-about methods of production. The experience of centuries of the race would remain. Old methods and processes would be retained. There would be no way of determining, however, whether new ideas and suggestions would prove economical or not. Progress would cease.

To the Austrian school the problem of distribution is nothing else than the problem of price formation. Under socialism wages, the price of labor, could not be determined. Resort would have to be made to the arbitrary—equality, needs, inner spiritual worth, family position, etc. State, church, military, or labor socialism differ only in the way activities are ranked in the hierarchy, and in the way the goal of socialism is reached. The author pictures most vividly each

of the types mentioned, and the ideology inspiring the defenders of each.

The second argument against socialism is that there is no possibility of an appropriate organization of production. Effective production involves leadership, and effective leadership, in the long run, is only possible where the leader enjoys the possibility of larger gains than his routine fellow workers, and, equally important, is also exposed to loss. Income irrespective of effort leads to sloth; profits without the counterpart of possible loss lead to recklessness. There are exceptions to this rule, but it applies to the rank and file who must be fitted into the scheme of production. The author lays this down as a fundamental rule and challenges any socialist state builder to apply it without the result being a return to capitalism. The argument here is extremely well worked out (pp. 207-210).

The purpose of the first argument is to show that socialism inevitably leads to the cessation of further material progress. Granting this, it can still be argued that another distribution of income would produce greater well-being. The second argument is designed to prove that a decline in productivity would necessarily follow. Professor Mises himself holds that the falling off would be so great that the average income under complete socialism would be less than what the very poor enjoy under capitalism.

Professor Mises would have the state limit its activities to the protection of property and persons and nothing else. Its expenses will then prove small and can be met by a few moderate taxes; the state, with its formidable power of taxing and issuing fiat money, will cease to be the great consumer of the capital of the community.

Whoever accepts the Austrian theory of value even in part can hardly refuse to follow the reasoning of Professor Mises as to the impossibility of complete socialism. More open to criticism, however, is his conclusion that complete laissez-faire is the only solution. All compromise he regards as merely the result of a breathing pause in the struggle of conflicting principles. Accordingly he condemns as destructive forces all legal limitations on the hours and conditions of labor, public insurance, unemployment relief, trade unionism, labor representation in the councils of industry, public ownership, heavy taxation, and naturally inflation. Against the argument for democracy in industry he opposes the assertion that the liberal capitalistic system constitutes a consumers' democracy, in which the entrepreneur is but the agent of the public, producing in the best possible way what is wanted, whether it be a prime necessity or a deadly poison, and that any attempt to interpose state agencies or representatives of the employees into the councils of industry will but interfere with the laws of the market, which exercise a "control over property owners sharper

than any which government or any body set up by society can create" (p. 437).

The strength of the socialistic movement rests on false ideology, holds Professor Mises—conceived by a few thinkers, understood by a larger group, and injected into the unthinking masses by a remarkably clever propaganda which appeals to the vanity and cupidity of the poor and also to their idealism, because it preaches the optimistic doctrine of a future world of general well-being and universal peace. This last has attracted to its banners many noble men and women of the so-called bourgeois class, who, in the face of triumphant militarism and imperialism, have despaired of world peace through liberalism. This ideology can be destroyed not by force, because force today in most countries is already on the side of socialism, but only by sound thinking. Once the thinkers in the socialist movement cease to believe in their doctrines, the movement itself is doomed to early extinction.

If Professor Mises believes in the ultimate success of the appeal to reason, he need not fear the trade unions or the presence of the laborers in the councils of industry. Trade unionism has proved an educational force as well as, at times, a destructive one. Industrial democracy will prove as great an education in the intricate problem of production as political democracy has proved in that of citizenship.

JOHN V. VAN SICKLE.

Vienna.

NEW BOOKS

ADLER, M. *Der Marxismus als proletarische Lebenslehre.* (Berlin: E. Laub. 1923. Pp. 57.)

BEER, M. *Allgemeine Geschichte des Sozialismus und der sozialen Kämpfe.* Sozialwissenschaftliche Bibliothek, Band 14, Teil 4. (Berlin: Verlag für Sozialwissenschaft. 1922.)

BERTH, E. *Les derniers aspects du socialisme.* (Paris: Marcel Rivière, Editeur. 1923. Pp. 112.)

Revised and enlarged edition of *Nouveaux Aspects du Socialisme.*

BORCHARDT, J. *Einführung in den wissenschaftlichen Sozialismus.* (Berlin: E. Laub. 1923. Pp. 115.)

Die volkswirtschaftlichen Grundbegriffe nach der Lehre von Karl Marx. Second edition. (Berlin: E. Laub. 1923. Pp. 138.)

DESLINIÈRES, L. *Délivrons-nous du Marxisme.* (Paris: France-Edition. 1923. Pp. 232. 12 fr.)

FEIG, I. *Unternehmertum und Sozialismus. Eine dogmen- und wirtschaftsgeschichtliche Betrachtung.* (Jena: Gustav Fischer. 1922. Pp. 66.)

FÖLDES, B. *Die Hauptströmungen der Sozialistischen Gedankenwelt.* (Berlin: Otto Elsner Verlagsgesellschaft. 1923. Pp. viii, 414.)

GERLOFF, W. *Steuerwirtschaft und Sozialismus.* (Leipzig: Verlag C. L. Hirschfeld. 1922. Pp. 58.)

GIDE, C. *La coopération. Conférences de propagande.* (Paris: Recueil Sirey. 1922. 7 fr.)

DE KOCK, M. H. *The results of government ownership in South Africa.* (Cape Town, So. Africa: Juta & Co. 1922.)

LAIR, M. *Le socialisme et l'agriculture française.* (Paris: Plon. 1923. 2.50 fr.)

LIEBKNECHT, K. *Studien über die Bewegungsgesetze der gesellschaftlichen Entwicklung.* (Munich: Kurt Wolff Verlag. 1922. Pp. 367.)

A posthumous work of the socialist leader, published by Dr. Morris as representative of Liebknecht's heirs.

MEHRING, F. *Karl Marx. Geschichte seines Lebens.* Fourth edition. (Leipzig: Leipziger Buchdruckerei A. G. 1923. Pp. xvi, 544.)

NEARING, S. *The next step, a plan for economic world federation.* (Ridge-wood, N. J.: Nellie Seeds Nearing. 1922. Pp. 175. \$1.)

As the subtitle indicates, this is the outline of a plan for an ideal social order based upon economic rather than political or geographical units. The primary economic unit is a body of workers of all grades, owning and operating a factory or a mine, a group of independent farmers, or a union of transport workers. These units would be combined into district organizations and these into continental unions, all uniting in a world industrial congress of each great occupational group. Finally there would be a world parliament composed of elected representatives from each occupational group. The world parliament, and each occupational congress, would choose executive boards and administrative officials. The watchword of this new order is "all power to the producers."

This plan, in common with most of the radical literature of the day, has no place for the political state. The author tacitly assumes that the nations as we know them now will have disappeared and that the ground will have been cleared for the new social structure. The plan is logical and possibly the world would be happier if everyone would agree to adopt it. It is interesting to note in the new radical literature the unshaken faith in economic determinism and the coming Marxian revolution in which the new social order will emerge full fledged from the broken shell of the old capitalist order. The enthusiast closes his eyes to the individualism and conservatism of the peasant, the emotional forces of patriotism and religion and the vast inertia of ignorance and barbarism. When even the industrial workers seem more interested in wage scales than in plans for reorganizing industry, it seems premature to speak of a world producers' federation as *The Next Step*.

G. B. L. ARNER.

PLUMB, G. E. and ROYLANCE, W. G. *Industrial democracy.* (New York: Huebsch. 1923. \$2.)

SINOWJEW, Z. G. *Die Kommunistische Internationale auf dem Vormarsch.* (Hamburg: C. Hoym Nachf. 1923. Pp. 207.)

TOTOMIANZ, V. F. *Anthologie des Genossenschaftswesens.* (Berlin: R. L. Prager. 1922. Pp. iv, 280.)

Die Konsumvereine in Russland. Schriften des Vereins für Sozialpolitik, Band 150, II. (Munich: Duncker & Humblot. 1922. Pp. 70.)

- WEBB, S. and WEBB, B. *The decay of capitalist civilisation*. (London: Fabian Society and Allen & Unwin. 1923.)
- WHITNEY, E. L. *Coöperative credit societies*. Bureau of Labor Statistics, bull. 314. (Washington: Gov. Prtg. Office. 1923. Pp. 222.)
- Bericht über den 4. Kongress der Kommunistischen Internationale*. (Petrograd-Moscow: Verlag d. Kommunist. Internationale. 1922. Hamburg: C. Hoym Nachf. 1923. Pp. 222.)
- Die Organisation der Industrie und die Arbeitsbedingungen in Sowjet-Russland*. (Genf: A. Renaud. Berlin: Juris. Verlagsbuchh. 1922. Pp. ix, 96.)
- Thesen und Resolutionen des 4. Weltkongresses der Kommunistischen Internationale*. (Moscow: Verlag d. Kommunist. Internationale. 1922. Hamburg: C. Hoym Nachf. 1923. Pp. 122.)
- Wegbereiter des Kommunismus. 12 Persönlichkeiten aus d. Geschichte d. Kommunismus*. (Berlin: Verlag d. Jugendinternationale. 1923. Pp. 103.)

Statistics and Its Methods

NEW BOOKS

- BONNER, H. R. *Statistics of city school systems*. U. S. Bureau of Education, bull. no. 17. (Washington: Bureau of Education. 1922. Pp. 173.)
- HASKELL, A. C. *Graphic charts in business. How to make and use them*. (New York: Codex Book Co. 1922. Pp. 250. \$4.)

In conformity with its apparent purpose of divesting the subject of graphic construction and graphic presentation of much of its *erudite* and mathematical character and of encouraging more business men to make use of graphic methods, several chapters of this book center attention upon the uses of charts in business and upon the essential data which, in most businesses, it is desirable to put into graphic form. Chapters 2 and 20 are of this type. The methods of construction and the interpretation of six kinds of charts occupy approximately the first half of the book; and illustrations of their application in various departments of a business, such as accounting, advertising, costs, credits, etc., the last half. The success of the book as an exposition of graphic methods may be measured therefore by its earlier sections.

The author lists six types of charts: line, bar, circular, percentage, organization, trilinear and probability charts. The major portion of the exposition is devoted to the line chart and in this, the principal discussion centers on the line chart with ratio ruling as against that with plain ruling. Descriptions of the methods of making these charts are given in simple and detailed fashion and it seems that one without any previous experience or instruction in graphic practice could, with the aid of this book, properly construct such a graph. Furthermore, the author's statement of the principles of construction and of interpretation of these graphs is sound. His chapters on assigning the scales for both plain and ratio ruling are very good and he places well-deserved emphasis on the necessity of a zero point in the one case and its impossibility in the second.

Of the phases of graphic method which the author discusses, the only one which is distinctly unsatisfactory is the probability chart, and here the defect lies not in his method of construction but in his misconception of the nature of a normal frequency curve and his assumption that, because certain illustrative data fail to follow strictly a straight line when plotted on semi-logarithmic paper, they therefore indicate "extraordinary conditions." In all probability they indicate merely that their law of frequency is not linear when plotted logarithmically. The implicit assumption of the discussion that all frequency distributions follow the normal law is, of course, wholly unwarranted. The omission in a text on graphic methods of any comment on statistical maps is to be regretted. It may have resulted from the author's interest in, and emphasis on, the ratio chart.

The two criticisms named are not intended to detract from the general conclusion that the author has done a very satisfactory piece of work in the presentation of an elementary manual on graphic methods.

BRUCE D. MUDGETT.

HERRING, J. P. *Herring revision of the Binet-Simon tests. Examination manuals: form A.* (Yonkers, N. Y.: Work Book Co. 1922. Pp. 56. \$1.)

OPPENHEIMER, F. *Die Judenstatistik des preussischen Kriegsministeriums.* (Munich: Verlag für Kulturpolitik. 1922. Pp. 48.)

RECH. *Reform der Wirtschaftsstatistik.* (Berlin: Selbstverlag des Reichsverbandes der deutschen Industrie. 1922. Pp. 62.)

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WINKLER, V. *Die statistischen Verhältniszahlen.* Band II.N.F. der Wiener staatswissenschaftlichen Studien. (Leipzig und Vienna: Verlag Franz Deuticke. 1923. Pp. 178, viii.)

ZUCKERMAN, S. *Statistischer Atlas zum Welthandel.* Teil I: *Text und Tabellen.* Teil II: *Graphische Tafeln.* (Berlin: Otto Elsner. 1921. Pp. xvi, 191; 156.)

Annuaire de la Pologne. Second edition. (Varsovie, Poland: Ignace Weinfeld. 1922. Pp. viii, 140.)

Annuaire statistique de la ville de Paris. Année 1919 et principaux renseignements pour 1920. (Paris: Préfecture de la Seine. 1923.)

A graphic analysis of the census of manufactures. (New York: National Industrial Conference Board. 1923. \$7.50.)

Results of a census of the Dominion of New Zealand, April 17th, 1921. Part II: *Ages.* 1923. Pp. 36. *Interim returns of industries, etc., life insurance, orphanhood, dependency, length of residence.* 1922. Pp. 21. (Wellington, New Zealand: Census and Statistics Office.)

Source book of research data. A list of reliable current sources of statistics of quantity and price for important commodities. Edition of 1923. (New York: Prentice-Hall. 1923. Pp. xl, 70. \$4.)

Prepared by the New York University Bureau of Business Research, Lewis H. Haney, director, and C. C. Meyer, investigation associate.

Covers the most important commodities, including a few items such as telephones and buildings. The list is divided into two parts, one giving the list of quantity statistics as regards costs, the other giving sources of price statistics. The list shows whether information is recorded by pound, ton, bushel, etc., and whether the data relate to a state, a nation, the world, or only to some local province. The material is very clearly arranged, and ought to be of great assistance to investigators of economic conditions in the United States. Not only are reports and documents published by the government covered in the compilation, but also trade journals and publications of industrial associations.

Statistical year book of Quebec, 1922. Ninth year. (Quebec, Canada: Pp. 395. 1922.)

Statistics of colleges, universities and professional schools, 1919-20. U. S. Bureau of Education, bull. no. 28. (Washington: Bureau of Education. 1922. Pp. 147.)

Statistisches Jahrbuch der Stadt Breslau. Herausgegeben vom Statistischen Amt. 1922. (Breslau: E. Morgenstern. 1922. Pp. 108.)

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Statistisches Jahrbuch der Stadt Köln. 11 Jahrgang. Im Auftrage des Herrn Oberbürgermeisters hrsg. vom Statistischen Amt der Stadt. (Köln: Druck von M. DuMont Schauberg. 1922. Pp. xii, 120.)

Twenty-second financial and economic annual of Japan, 1922. (Tokyo: Dept. of Finance. 1922. Pp. vi, 239.)

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Wirtschaftsstatisches Taschenbuch 1922. (Jena: Fischer. 1922.)

PERIODICALS

The REVIEW is indebted to Robert F. Foerster for abstracts of articles in Italian periodicals, and to R. S. Saby for abstracts of articles in Danish, Dutch, and Swedish periodicals.

Economic History (United States)

(Abstracts by Amelia C. Ford)

- BARNES, J. K. *Dr. Cook's discovery of oil*. World's Work, April, 1923. Pp. 8. Describes new methods employed by the stock promoters in the new oil field of Smackover, Arkansas, and Dr. Cook's connection with them.
- BRADBEER, W. W. *New Jersey paper currency, 1709-1786*. Proc. N. J. Hist. Soc., Jan., 1923.
- COLE, A. H. *A neglected chapter in the history of combinations: the American wool manufacture*. Quart. Jour. Econ., May, 1923. Pp. 40. Discusses the experience of the American Woolen Company (the first and chief combination in the wool-manufacturing industry), in various respects; considers this company has demonstrated that this form of organization may be attained in the textile industry with a fair amount of success, that its history suggests the essentials for advantageous operation of this industrial form, and that the bases of success of the "combinations" in the woolen business have been exceptional leadership and the direction of production largely to standard fabrics.
- GLENN, J. M. *The industrial development of Illinois*. Transactions of Ill. State Hist. Soc. for Year 1921, publication no. 28.
- HAIGHT, G. I. *The wilderness trail*. Chicago Hist. Soc. Bull., March, 1923.
- HAMPTON, E. L. *The seven-state irrigation treaty*. Current Hist., March, 1923. Pp. 10. Discusses the plan for controlling the Colorado River in order to reclaim arid lands and develop hydro-electric power; gives the text of the compact; includes map and pictures.
- HANFORD, C. H. *The orphan railroad and the ram's horn right of way*. Wash. Hist. Quart., April, 1923. Pp. 17. Details the persistent opposition of the Northern Pacific Railroad officials to Seattle's attempts, in competition with Tacoma and Portland, to secure railroad connection with the producing regions of the "Inland Empire."
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- LESTER, J. W. *Pioneer stories of the Calumet*. Indiana Mag. of Hist., Dec., 1922.
- LUCAS, H. S. *Beginnings of Dutch immigration to western Michigan, 1846*. Mich. Hist. Mag., vol. VI, no. 4. Traces the plans and preparations of the band of Dutch emigrants under Van Raalte's leadership, in 1846, for their removal to the New World.
- NIXON, H. C. *Economic basis of the Populist movement in Iowa*. Paper given at the sixteenth annual meeting of the Mississippi Valley Historical Association, at Oklahoma City, Oklahoma, March 29-31, 1923.
- PHILLIPS, U. B. *New light upon the founding of Georgia, derived from the diary of the Earl of Elmont*. Georgia Hist. Quart., Dec., 1922.

- PUCKETT, E. P. *The attempt of New Orleans to meet the crisis in her trade with the West*. Miss. Valley Hist. Rev., Feb., 1923. Pp. 15. To retain the trade of the Mississippi valley, New Orleans undertook, in the forties and fifties, the following program: to build railroads to the north and west to collect and distribute commodities, develop better shipping facilities with the eastern seaboard and Europe, to build a railroad across the Isthmus of Panama, and to establish manufactures.
- PUTNAM, G. G. *Salem vessels and their voyages*. Essex Inst. Hist. Collections, April, 1923. Pp. 24. An account of the pepper trade between Salem and the island of Sumatra after the Revolution. Continued.
- SCOTT, J. W. *The pioneer farmer*. Quart. Jour. of University of North Dakota, April, 1923. Pp. 10. A colloquial account of the difficulties of financing and developing a wheat farm in North Dakota in the early eighties.
- SHOWALTER, W. J. *America's amazing railway traffic*. National Geog. Mag., April, 1923. Pp. 52. A popular description of railroading with much about the freight business. Abundant illustrations.
- STEPHENSON, G. M. *Year book for 1921-1922 of the Swedish Historical Society*. An article giving some footnotes to the history of Swedish emigration, 1855-1865.
- STEVENS, W. E. *Fur trade in Minnesota during the British régime*. Minn. Hist. Bull., Feb., 1923. Pp. 13. Discusses the fur industry between 1763 and 1815, in regard to routes, commodities used by the traders, disposition of the furs, and organization of the business.
- STEVENSON, J. G. *Pioneer life in Boone County*. Indiana Mag. Hist., Dec., 1922.
- TAYLOR, P. S. *Spanish seamen in the New World during the colonial period*. Hispanic Am. Hist. Rev., Nov., 1922. Pp. 31. A sketch of the conditions of life among seamen of the colonial period, introduced by an analysis of the legal status of Spanish seamen.
- TORGERSON, S. *Early banking in North Dakota*. Quart. Jour. of University of North Dakota, April, 1923. Pp. 6. Enumerates the banks established before 1890 in various cities in the state, with brief comment on their careers and business methods.
- VAIRA, L. *Some aspects of Pittsburgh's industrial contributions to the Civil War*. Western Pa. Hist. Mag., Jan., 1923.
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- Diary of William F. Higbee*. Pa. Mag. of Hist., Jan., 1923. Trip to western Pennsylvania in 1816-1817.
- Fur trade*. Pubs. of Neb. State Hist. Soc., vol. 20. A collection of newspaper items chiefly relating to the fur trade operations and the traffic along the highways to Oregon and California.

Economic History (Foreign)

- ALEXINSKY, M. G. *Les derniers aspects de la régression sociale en Russie*. Conférence donnée au Musée Social le 23 décembre 1922, sous la présidence de M. Paul Doumer. Musée Social, March, 1923.
- APOSTOL, P. *Une contribution à l'étude du paradis bolchevique*. Jour. des Econ., April 15, 1923. Pp. 10.
- ARGÜELLES, L. A. *La vida económica de Asturias*. Rev. Nacional de Econ., ano VIII, núm 41. Pp. 85.

- BEDFORD, A. C. *The world oil situation*. Foreign Affairs, March 15, 1923. Pp. 11.
- BOURGAIN, H. *L'industrie sidérurgique en France au début de la Révolution*. Rev. d'Econ. Pol., Jan.-Feb., 1923. Pp. 11.
- BULLARD, A. *The new Russian economic policy*. Foreign Affairs, March 15, 1923. Pp. 6.
- CONACHER, H. M. *Agrarian reform in Eastern Europe*. Intern. Rev. Agri. Econ., Jan.-March, 1923. Pp. 18.
- DALTON, H. *Pantaleoni fascist*. Econ. Jour. (London), March, 1923. Pp. 4.
- DE SMEDT. *De merchant adventurers in de Nederlanden*. Vlaamsche Arbedd., 1922.
- DOMAN, R. A. M. *Wirkungen des Weltkrieges auf Argentinien's Volkswirtschaft, insbesondere auf seine Verhältnisse*. Weltwirtsch. Archiv, Jan., 1923.
- EDWARDS, G. W. *The financial status of Germany*. VII. *Foreign investments in Germany*. Annalist, March 19, 1923. Pp. 2. The seventh and last of a series of articles on financial conditions in Germany.
- ELIACHEFF, B. *Notes sur la Russie. Fait et observation économiques*. Rev. d'Econ. Pol., Jan.-Feb., 1923. Pp. 28.
- FUEL, A. *L'attribution des mines de potasse d'Alsace*. Rev. des Etudes Coopératives, Jan.-March, 1923. Pp. 12.
- GOUDKOFF, P. P. *Economic geography of the coal resources of Asiatic Russia*. Geog. Rev., April, 1923. Pp. 10.
- GWYNN, D. *France's economic problems*. Contemp. Rev., March, 1923.
- JOSLYN, C. S. *A catastrophe in the British building guilds*. Quart. Jour. Econ., May, 1923. Pp. 10.
- KOLWEY, K. *Studien über Britisch-Indien*. I. Archiv f. Sozialwis. u. Sozialpolitik, Feb., 1923. Pp. 48.
- KUTZERA, S. *La reconstruction de la Pologne*. Scientia, April 1, 1923. Pp. 10.
- MAYER, T. *Zur Karolingischen Wirtschaftsgeschichte*. Zeitschr. f. Volkswirts. u. Sozialpolitik, Heft 3, 1923.
- RIV, E. *La situación financiera de España*. Rev. Nacional de Econ., ano VIII, núm. 41. Pp. 6.
- SEE, H. *Les classes ouvrières et la question sociale à la veille de la Révolution*. Annales Rév., Sept.-Oct., 1922.
- SZEKŰ, J. *Geschichte des ungarischen Weinbaus*. Ungarische Jahrb., March, 1923.
- WALTZ, P. *Les artisans et leur vie en Grèce, des temps homériques à l'époque classique VII et VI siècles. Les corps de métiers*. Rev. Hist., Nov.-Dec., 1922.
- WILLIAMS, W. M. J. *Un aperçu de la situation financière de la Grande-Bretagne*. Jour. des Econ., April 15, 1923. Pp. 11.
- WYLER, J. *Das Uebervölkerungsproblem der Schweiz*. Zeitschr. f. Schweiz. Stat. u. Volkswirts., Heft 1, 1923.

Agricultural Economics

(Abstracts by A. J. Dadisman)

- BEAUFRETON, M. *The development of farm household management instruction in Belgium*. Intern. Rev. Agri. Econ., Jan.-March, 1923. Pp. 12. The methods of instruction are described.
- BENSON, T. A. *Coöperation in marketing poultry products*. Canada Dept. of Agri. Bull. 25, New series, 1923. Pp. 15. A review of coöperative marketing principles and their application to the marketing of poultry.

- BJANES, O. T. *Agricultural education in Norway*. Intern. Rev. Sci. and Practice of Agri., Jan.-March, 1923. Pp. 12. A brief statement of the history, organization, and work of the different types of agricultural schools.
- BOREA, D. *Coöperation in the Argentine Republic*. Intern. Rev. Agri. Econ., Jan.-March, 1923. Pp. 36. A study of the various types of coöperative societies, their development and tendencies, with a review of existing legislation on coöperation. Six tables are presented.
- GAUMNITZ, E. W. and BLACK, J. D. *Organization and management of local livestock shipping associations in Minnesota*. Minn. Sta. Bull. 201., Dec., 1922. Pp. 77. Details of organization, operation, and a copy of by-laws are given. Twenty-five tables are presented.
- HAAS, G. C. *Sale prices as a basis for farm land appraisal*. Minn. Sta. Tech. Bull. 9, Nov., 1922. Pp. 31. A technical discussion of variations in local land values. Eleven tables.
- MILLIET, E. W. *Die schweizerische Landschaft als Grundlage der Fremdenindustrie*. Zeitschr. f. Schweiz. Stat. u. Volkswirts., Heft 1, 1923. Pp. 28. Bits of history leading to the present importance of the little mountainous country.
- NOURSE, E. G. *Fifty years of farmers' elevators in Iowa*. Iowa Sta. Bull. 211, March, 1923. Pp. 37. A history of elevator developments in Iowa and probable future developments. Nine figures and eight tables.
- NUSSEBAUM, S. *Agricultural technique and farm engineering in Germany*. Intern. Rev. Sci. and Practice of Agri., Jan.-March, 1923. Pp. 12. The increased use of farm machinery in German agriculture is pointed out.
- PRICE, H. B. *Farmers' coöperation in Minnesota, 1917-1922*. Minn. Sta. Bull. 202, Jan., 1923. Pp. 78. An analysis of statistics of several kinds of coöperative associations since 1917. Forty-three tables are given.
- SEVERANCE, G., and JOHNSON, E. R. *The cost of producing milk and dairy farm organization in western Washington*. Wash. Sta. Bull. 173, Nov., 1922. Pp. 50. A study of costs of producing milk on 172 farms in 1919 and 1920, with suggestions for reducing costs. Fifteen tables and two charts.
- STROWBRIDGE, J. W. *Farm and terminal market prices: wheat, corn, and oats*. U. S. Dept. Agri. Bull. 1083, Sept., 1922. Pp. 58. A study of the marketing of the 1920-21 wheat, corn, and oat crops. Fifty pages of charts, graphs, and monthly and cumulative tables of prices are presented.
- TAYLOR, H. C. *The objective in agricultural cost accounting*. Jour. Farm Econ., April, 1923. Pp. 14. A discussion of practical problems and how cost accounting will aid in solving them.
- USHER, A. P. *Soil fertility, soil exhaustion, and their historical significance*. Quart. Jour. Econ., May, 1923. Pp. 26. A study of the methods and possibilities of maintaining a productive soil.
- WALLACE, H. C. *A helping hand to American farmers*. Current Hist., April, 1923. Pp. 5. Explains what the department of agriculture is doing to help the farmer in investigation, regulation, and extension work.
- WARMING, J. *Danish agriculture with special reference to coöperation*. Quart. Jour. Econ., May, 1923. Pp. 19. Developments and changes in Danish agriculture and growth of coöperation.
- WILLARD, R. E. *Farm costs and farm organization*. N. Dak. Ext. Cir. 58., Jan., 1923. Pp. 8. A condensed and popular summary of Bull. 165.
- WILLARD, R. E., METZGER, H., and THORFINNSEN, T. S. *Cost of production and farm organization*. N. Dak. Sta. Bull. 165, Dec., 1922. Pp. 129. A technical bulletin from cost records from 128 farms in 1921, with a detailed analysis of the farm business. Seven figures and 86 tables.

- WOODWARD, C. R. *Some economic aspects of the potato crop*. Rev. Rev., April, 1923. Pp. 8. A statistical account of the potato business, with tables.
- Share tenancy in Spain*. Intern. Rev. Agri. Econ., Jan.-March, 1923. Pp. 18. A statement of terms of tenancy in different sections.

Railways and Transportation

(Abstracts by Julius H. Parmelee)

- ANDERSON, G. W. *The answer to the railroad riddle*. New Repub., May 2, 1923. Pp. 5. Proposes unified operation of railways by a single federal corporation.
- BARNES, J. H. *Transportation keyed to production*. Ry. Rev., June 16, 1923. Pp. 3.
- BEEK, J. H. *Shippers' interest in transportation*. Proc. St. Louis Ry. Club, May 11, 1923. Pp. 27. By the executive secretary, National Industrial Traffic League.
- BRADFUTE, O. E. *The farmer and transportation*. Nation's Bus., June 5, 1923. Pp. 2. By the president of the American Farm Bureau Federation—the farmer's transportation costs and his interest in the railways.
- CARRY, E. F. *Railroad cars, their origin and development*. Ry. Age, June 23, 1923. Pp. 6. Illustrated historical sketch by the president of the Pullman Company.
- CARTER, C. F. *What we have done to the railroads*. Nation's Bus., July, 1923. Pp. 3.
- CUNNINGHAM, W. J. *I. C. C. accounting and statistical requirements*. Ry. Age, June 16, 1923. Pp. 3. Requirements not unreasonable, but results should be more widely used.
- DOAK, W. N. *As the railroad worker sees it*. Nation's Bus., June 5, 1923. Pp. 2. By the vice president, Brotherhood of Railroad Trainmen, on coöperation of all interests in transportation.
- EMMONS, C. D. *Coördination of railway and motor vehicle service*. Aera, May, 1923. Pp. 8.
- GRAY, C. R. *The railroads and distribution*. Nation's Bus., May, 1923. Pp. 3.
- HEAD, W. W. *Rebuilding railroad credits*. Nation's Bus., June 5, 1923. Pp. 2. Applies the tests of security offered for financing and of future railway prospects.
- HOOPER, B. W. *The fantasy of the "living wage."* Nation's Bus., June, 1923. Pp. 3. Experience of the Railroad Labor Board, as related by its chairman, with the living wage doctrine.
- HOOPER, W. E. *Plans for railroad consolidations*. Am. Rev. Rev., May, 1923. Pp. 7. Various proposals analyzed, with map.
- HUDSON, R. M. *Simplification—the new fundamental in business*. Ry. Rev., June 9, 1923. Pp. 2. Significance of standardization of parts and methods as applied to railways.
- NEUMARK, A. J. *A true picture of the railroad situation today*. Mag. of Wall St., June 23, 1923. Pp. 4. Graphic presentation of railway capital, earnings, traffic, fuel and wages.
- SINES, G. H. *The Union Pacific plan of employee representation*. Ry. Rev., May 5, 1923. Pp. 6.
- STEVENS, F. S. *Notes on economics of railroad engineering*. Ry. Rev., June 2, 1923. Pp. 5.
- VAUCLAIN, S. M. *The history of locomotive development*. Ry. Age, June 23, 1923. Pp. 4. By the president of the Baldwin Locomotive Works. Illustrated.

- WRIGHT, R. V. *A basic weakness of railroad organization*. Ry. Age, June 16, 1923. Pp. 4. The employee problem—selecting, training, and inspiring railway workers.
- Delaware and Hudson Company's centennial*. Ry. Rev., April 28, 1923. Pp. 7. Historical review, with early illustrations.
- Early history of the Delaware and Hudson Company*. Ry. Age, April 28, 1923. Pp. 6.
- Die Eisenbahnen Finlands 1918*. Archiv f. Eisenbahnw., May-June, 1923. Pp. 5.
- Die italienischen Staatsbahnen 1915-1917*. Archiv f. Eisenbahnw., May-June, 1923. Pp. 18.
- The railroads plan for a record*. Nation's Bus., May, 1923. Pp. 2. Traffic prospects for 1923, and the railway improvement program.
- Railway returns for 1922*. Ry. Gaz. (London), April 13, 1923. P. 1. Slight improvement in net income over 1918.

Shipping

(Abstracts by Marjorie Sheets)

- ANDREADES, A. *Outlook for Greek merchant marine*. Nautical Gaz., June 9, 1923. Pp. 2. Résumé of war losses and reconstruction of Greek fleet with brief speculation as to future.
- CHAMBERLAIN, E. T. *The Netherlands government and shipping*. Commerce Reports, April 9, 1923. Pp. 3. An account of government regulation of and aid to shipping. Details of mail contracts with steamship companies to insure adequate communication with colonies.
- . *Sales of the French government merchant marine*. Commerce Reports, June 18, 1923. Pp. 2. Describes the French plan of liquidation of government-owned fleet. Estimates the total loss to the government through its participation in merchant shipping.
- COOK, C. W. *Port facilities from the standpoint of the steamship line*. Pacific Marine Rev., June, 1923. Pp. 2. Outline of facilities desired by ship operators.
- LEWIS, R. A. *Drafting a new shipping policy*. Jour. Am. Bankers Assoc., April, 1923.
- MCALLUM, J. H. *The port of San Francisco*. Pacific Marine Rev., March, 1923. Pp. 4. History and organization of the port of San Francisco.
- RIEFLEB, W. W. *The Argentine merchant marine*. Commerce Reports, May 21, 1923. Pp. 2. Description of the composition and employment of the Argentine merchant marine in the coast and river trade.
- SMITH, W. R. *Sea apprentices*. Fairplay, May 31, 1923. P. 1. Apprenticeship training for the sea. Establishment of a school at Cardiff.
- TAYLOR, P. S. *Spanish colonial seamen*. Pacific Marine Rev., March-May, 1923. Pp. 6. Reprinted from Hispano-American Historical Review. Brief account of life and status of seamen at that time.
- THÉRY, E. *The economic situation in Poland—ocean and river shipping*. L'Econ. Européen, June 1, 1923. Pp. 2. Brief account of Poland's water borne commerce: facilities and traffic.
- India's shipping problem*. Fairplay, May 31, 1923. Pp. 2. India's recent attempts to revive the Indian shipbuilding and shipping industry.
- Opinions on direct ship operation*. Nautical Gaz., June 16, 1923. Pp. 2. Voices opposition of present operators of government fleet to Mr. Lasker's plan of direct

operation of ships by creation of subsidiary corporations to the Emergency Fleet Corporation.

Passenger steamship operation. Syren and Shipping, June 27, 1923. A description of the highly complicated organization necessary for the successful operation of passenger ships.

The Sea Carriage bill. Economist (London), June 2, 1923.

Seamen's wages in the United Kingdom. Fairplay, April 12, 1923. Pp. 5. New scale of pay adopted for British seamen.

The story of the P. & O. Syren and Shipping, June 27, 1923. An account of one of the oldest and most famous British shipping companies.

Commerce

(Abstracts by Harry R. Tosdal)

COX, H. *Trade depression and industrial nationalism.* Bankers' Mag. (London), March, 1923. Pp. 14. States that only hope of retaining British industrial supremacy, which is threatened by competition of other countries and by desire for local development in British possessions, as well as by politicians favoring retaliatory tariffs, is to maintain high standards of products; discusses possibilities of emigration as solution of problem.

VON FELLNER, F. *Die internationale Zahlungsbilanz Rumpfungarns und das Problem der Wiedergutmachungen.* Ungarische Jahrb., March, 1923. In consequence of the provisions of the peace treaty of Trianon, the international trade balance of Hungary is becoming increasingly unfavorable, condemning the country to economic and financial isolation, which is constantly becoming more difficult to remedy.

FICHELE, A. *La Tchécoslovaquie, état exportateur.* Rev. Econ. Intern., vol. III, no. 3. Pp. 5. Development of Czechoslovakia, most highly favored by nature, is restricted by geographical situation, character of economic culture, and now by state of business conditions.

KIDDY, A. W. *International debts and international trade.* Jour. Inst. of Bankers, March, 1923. Pp. 3. Suggests that Great Britain, as a creditor country, waive interest and require only principal in annual instalments.

LOISON, M. *Le commerce impériale.* Monde Econ., March 10, 1923. Pp. 2. Gives arguments for and against imperial preference in British trade.

McPHERSON, J. B. *Annual wool review, 1922.* 1923. Pp. 264. Extended statistical survey and résumé of events in wool manufacture and trade during 1922.

MARSH, A. R. *The contrast between British and French export trade in 1922.* Econ. World, March 31, 1923. Pp. 2. Ascribes differences in part to Great Britain's vast system of unemployment insurance and the working-class proposal to abolish private ownership of all enterprise and of most property.

MAURETTE, F. *Les marchés du sucre.* Rev. Etudes Coopératives, Jan.-March, 1923. Pp. 15. Shows how equilibrium between beet and cane sugar was destroyed by the war.

MEARS, E. G. *Wheat, flour, and bread prices.* Econ. Jour. (London), March, 1923. Pp. 11. Brings further evidence to prove statements of previous writer with regard to fluctuations in and relations between wheat, flour, and bread prices.

OLIPHANT, H. *Trade regulation.* Am. Bar. Assoc. Jour., April, 1923. Pp. 8. Gives recent Federal Trade Commission rulings and court decisions relating to unfair competitive practices.

PACKARD, L. B. *International rivalry and free trade origins, 1660-78.* Quart. Jour. Econ., May, 1923. Pp. 24. Historical study of free trade origins in France during time of Colbert.

- PAYEN, E. *Le caoutchouc: sa production et ses prix*. L'Econ. Franç., April 14, 1923. Pp. 2. Discusses nature and results of Stevenson system of restricting production adopted by the British government at recommendation of English Association of Planters.
- . *Le cuivre: les variations de ses prix*. L'Econ. Franç., March 31, 1923. P. 1. Production and price statistics for copper 1913-1922, with special reference to the last three years.
- . *Le coton en 1922*. L'Econ. Franç., April 28, 1923. Pp. 2. Brief statistical study of the 1922 cotton market.
- . *Le marché de la soie en 1921 et 1922*. L'Econ. Franç., March 8, 1923. Pp. 2. Statistical account of silk market in 1921 and 1922.
- VILLAMIN, V. *Rubber production in the Philippines from the standpoint of the rubber industry in the United States*. Econ. World, March 10, 1923. Pp. 3. Discusses rubber production in the Philippines and recommends artificial protection or lowered production costs to enable industry to survive in face of existing competition.
- WOODHOUSE, H. *America at the mercy of the British rubber monopoly*. Current Hist., April, 1923. Pp. 5. Explains how the United States is affected by the recent drastic restrictions placed by the British government on the production and export of crude rubber; of the American plans to establish independent plantations. Illustrated.
- American Chamber of Commerce in London and its activities*. Bankers Mag., Jan., 1923. P. 1. Collects and distributes valuable trade information to both British and Americans and in every way tries to stimulate commercial relations between the two countries.
- Der Fremdhandel in China nach dem Opiumkriege*. Weltwirtsch. Archiv, Jan., 1923. Pp. 10. Interesting historical analysis of China trade immediately after Anglo-Chinese opium war of 1842.

Public Utilities

(Abstracts by Charles S. Morgan)

- AYLESWORTH, M. H. *Superpower as a national policy*. Nat. Elec. Light Assoc. Bull., June, 1923. Pp. 4. Superpower, long justified on technical grounds, now awaits certain economic and legal developments before entering upon the period of its fullest development.
- COE, R. S. *Europe's changed attitude toward government telephones*. Bell Telephone Quart., April, 1923. Pp. 10. Evidences of tendencies to look to private ownership and operation in England, France, Italy and other European countries.
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- GUERNSEY, N. T. *Some matters relating to depreciation*. Bell Telephone Quart., April, 1923. Pp. 8. Discussion of basic principles, in their application to public utilities.
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Accounting

(Abstracts by Martin J. Shugrue)

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- BECKMAN, T. N. *Sources and treatment of surplus.* Jour. Account., May, 1923. Pp. 7. Analysis of surplus on a balance sheet.
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- FRASER, E. *To obtain sinking-fund payments from compound interest tables.* Jour. Account., May, 1923. Pp. 14. Very readable explanation of compound interest problems and formulas.
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- PRYTZ, C. V. *Skovens Vårdier.* Nat. ök Tids., no. 1, 1923. Pp. 6. Treats of economic principles involved in evaluating forests and gives formulas.
- SECRET, H. *Commercial rent as an expense and its relation to profits.* Am. Econ. Rev., Supp., March, 1923. Pp. 30.
- SUNLEY, W. T. *Minority interests in inter-company profits.* Jour. Account., May, 1923. Pp. 6. Some complications that arise in the preparation of consolidated statements.
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Business Management

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- FARQUHAR, H. H. *Measuring the performance of the production department.* Harvard Bus. Rev., April, 1923. Pp. 10.
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- LANEUBURGH, R. H. *The management movement.* Bull. Taylor Soc., April, 1923. Pp. 7.
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Labor and Labor Organization

(Abstracts by David A. McCabe)

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- BAUER, S. *La reconstruction de la protection ouvrière internationale depuis la paix de Versailles (fin)*. Questions Pratiques, Jan.-Feb., 1923. Pp. 11. Second instalment. Carries the story down to October, 1921. The author is general secretary of the International Association for Labor Legislation.
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- BUTLER, F. C. *The Cleveland garment plan*. Indus. Manag., May, 1923. Pp. 5. Account of workings of "the plan that brought peace to a highly seasonal industry."
- CAIN, J. M. *West Virginia: a mine-field melodrama*. Nation, June 27, 1923. Pp. 3.
- CHASE, S. *The miners present a plan*. New Repub., June 20, 1923. Pp. 3. Review of statement presented to the United States Coal Commission by the anthracite representatives of the United Mine Workers.
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- HVIDSTEN, J. *Unemployment in Norway*. Intern. Lab. Rev., Feb.-Mar., 1923. Pp. 9. Writer is inspector of employment exchanges and unemployment insurance.
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- JONES, R. T. *The wet drive and the A. F. of L.* New Repub., June 6, 1923. Pp. 2.
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- KRAUSE, L. *The development of collective contracts in Germany*. Am. Fed., May, 1923. Pp. 2.
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- SOULE, G. *What the worker doesn't get*. New Repub., May 30, 1923. Pp. 3. Summary of an article by the same author in the Supplement to the March AMERICAN ECONOMIC REVIEW.

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Money, Prices, Credit, and Banking

(Abstracts by William O. Weyforth)

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- ANDERSON, B. M. *Underlying factors in the business situation*. Chase Econ. Bull., March 27, 1923. Surveys the most important factors affecting the present business situation, points out the weak spots, such as disordered conditions of Europe and the depression of American agriculture, and urges a policy of caution and conservatism on the part of business men. Businesses should follow now the wise policy pursued during the war of accumulating surpluses.
- AUSTIN, O. P. *The world's paper currency, 1914 to 1923*. Econ. World, April 14, 1923. Reprinted from *Monthly Letter* of the National City Bank of New York, April, 1923. Reviews the paper currency expansion of the world and various steps towards the restoration of the gold standard.

- BALDY, E. *Les banques d'affaires en France depuis 1900*. Jahrb. f. Nationalök. u. Stat., Feb., 1923. Distinguishes "Geschäftsbanken" (les banques d'affaires) from "Depositenbanken." Activities of the former have been enlarged since the war both at home and abroad. They have been active in forwarding arrangements between industries and in effecting combinations.
- BERKMAN, L. J. *El clearing house en Inglaterra—su comparación con el de nuestro país*. Rev. de Econ. Argentina, Dec., 1922.
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- CHANDLER, H. A. E. *Our current monetary policy*. Commerce Mo., April, 1923. Distinguishes cyclical changes in prices from long-time trends. Points out the evils of the latter. Urges necessity of a monetary policy in the United States that will meet the danger of depreciation in the value of money.
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- COUSIN, J. *La vulgarisation du chèque*. L'Econ. Franç., March 17, 1923. Popularizing of check in France will be brought about not by modification of laws relating to it but by skilful propaganda by those interested in its use and by the state and the banks.
- EVANS, S. *The future of gold*. Econ. World, May 5, 1923. Reprinted from *The Star* (Johannesburg, So. Africa), March 14. Writer believes that general tendency in the world at present is in favor of a return to the gold standard.
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- KEYNES, J. M. *Professor Jevons on the Indian exchange*. Econ. Jour. (London), March, 1923. Professor Jevons urges desirability of stabilizing Indian exchange at 1s. 4d. Mr. Keynes thinks that stabilization of internal prices of India is more important and may be incompatible with stabilization of exchange.
- LIESSE, A. *Partie économique sur la "stabilisation monétaire" chimères et réalités*. L'Econ. Franç., April 21, 1923. Opposes devaluation as a method of monetary stabilization. English policy in balancing budget and imposing heavy taxation offers lesson to France. Smaller wealth of latter country makes problem more difficult.
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- MCGUIRE, O. R. *The cattle loan banks*. Jour. Am. Bankers Assoc., April, 1923. Explains the need for cattle loan banks and states the provisions of the act of Congress of March 4, 1923, authorizing the organization of national agricultural credit corporations.
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MITCHELL, W. F. *The attack upon the theory of the liquidity of bank earning assets.* Jour. Pol. Econ., April, 1923. Summarizes orthodox theory that short-time commercial loans are proper investments for commercial banks. Contrasts the cry with actual practice of American banks in making investment loans. Does the liquidity of an asset depend on the settlement of an obligation at maturity or upon the shiftability of an obligation?

MONDET, N. *Le "federal reserve" des Etats-Unis.* Jour. des Econ., March 15, 1923. A résumé of paper by H. Parker Willis in *Political Science Quarterly*. Federal reserve system has become a system of emergency banking.

MONTFORT, B. *The credit situation.* Bankers Mag., Feb., 1923. Describes the part that credit plays in the business cycle. Considers the present (February, 1923) situation as regards the supply of and demand for credit. During the preceding year there was a marked increase in the demand for credit, but more than an ample supply to satisfy this demand.

PATON, T. B. *The new bank tax law.* Jour. Am. Bankers Assoc., April, 1923. New law permits a state to impose one of three forms of taxation upon national banks or their shareholders: (1) taxation of shares; (2) inclusion of income derived from shares in the taxable income of the owner; (3) taxation of the income of national banks.

PETERSON, L. *The labor bank movement.* Bankers Mag., March, 1923. Describes the progress in the organization of banks by labor unions.

PRESTON, H. H. *Deposit guaranty in Washington.* Jour. Am. Bankers Assoc., April, 1923. System of voluntary deposit guaranty in state of Washington broke down as a result of the failure of the largest bank in the system on July 1, 1921. Effort to pass a compulsory law at the last session of the legislature received little support.

RUEFF, M. J. *Le change, phénomène naturel.* Jour. Soc. de Stat. de Paris, March, 1923. Develops a theory of the exchanges with statistical verification.

SNYDER, C. *The stabilization of gold: a plan.* Am. Econ. Rev., June, 1923. Pp. 10.

VAN GIJN, A. *Das Geld als Quelle von Missverständnissen im internationalen Gütertausch.* Weltwirtsch. Archiv, Jan., 1923. A complete buying transaction consists in the exchange of goods against goods. Inability to see through the veil of money is the explanation why free trade has received so little support from German economists.

VILLAMIN, V. *Rehabilitating the currency system of the Philippines.* Econ. World, March 24, 1923. A survey of the history of the gold exchange standard in the Philippines. Writer suggests the advisability of the adoption of American currency.

WARBURG, P. M. *The federal reserve banks and the open market for acceptances.* Harvard Bus. Rev., April, 1923. If federal reserve system is to exercise properly its function of guide and stabilizer of the interest-rate policy of the country, the development of a country-wide open discount market based upon prime bankers' acceptances is essential.

WITTEK, H. *Bankwesen und Bankkommission.* Zeit. f. Volkswirts. u. Sozialpolitik, Heft 3, 1923. Gives survey of banking development. Explains factors leading to passage of Austrian Bank Commission law of October 7, 1921. Describes organization, power, and activities of the Commission.

WHIPPLE, H. *Social importance of branch banking.* Bankers Mag., April, 1923. Shows how the capital and surplus requirements of some states, e.g., California, display favoritism to branch banking systems. Points out the competitive ad-

vantages of branch banking as compared with independent banking and the dangers of monopolization of credit through growth of the former.

YVES-GUYOT. *L'or, appréciation et dépréciation (à suivre)*. Jour. Soc. et Stat. de Paris, April, 1923.

———. *L'or, sa situation actuelle et prévision*. Jour. des Econ., April 15, 1923. The stock of gold has never been as great as at present. The production of gold will probably increase for at least a time.

Y.-G. *Le rapport du gouverneur de la Banque de France*. Jour. des Econ., Feb. 15, 1923. Reviews report of governor of Bank of France for 1922.

ZAGLITS, O. *Die juristische und die ökonomische Kategorie des Geldes. Eine methodologische Untersuchung*. Zeit. f. Volkswirts. u. Sozialpolitik, 3 Heft, 1923. It is not enough that a theory of standard money be formulated. The theory of credit must also appear as a part of the theory of the creation of money. The theory of credit forms the bridge from the theory of money to the theory of capital and interest.

Banking for service; credit unions. Social Service Bull., Feb., 1923. Pp. 4. Issued by the Methodist Federation for Social Service.

La circulation monétaire en France et aux colonies en 1922. L'Econ. Franç., March 10, 1923. Contains statistics of coinage in 1922 for France and its colonies.

The inflow of gold and its effects on the banking and credit situation in the United States. Econ. World, April 14, 1923. Reprinted from *Federal Reserve Bulletin*, April, 1923. During last quarter of 1920 and during 1921 imports of gold were used to liquidate a corresponding amount of member bank indebtedness at the federal reserve banks. During 1922, however, gold imports were used largely as basis for extension of new credit.

National banks may not operate branches in Missouri. Banking Law Jour., March, 1923. Supreme Court of Missouri decides that neither by express terms of National Bank act nor by reasonable implication are national banks authorized to establish branches. In Missouri the attempt to establish a branch bank is also in violation of an express statute of the state.

Société d'Economie Politique. Réunion du 5 Avril 1923. Jour. des Econ., April 15, 1923. Pp. 20. The raising of the interest rate on French Treasury loans in February, 1923, had a double purpose: to warn those who were counting upon further inflation that they were backing the wrong horse; to bring available capital more regularly to the Treasury.

Public Finance

(Abstracts by Charles P. Huse)

BARKER, J. E. *The money mirage and a levy on capital*. Fortn. Rev., Dec., 1922.

BARRIOL, A. and BROCHU, I. *Emprunt 1923 du crédit national*. Jour. des Econ., March 15, 1923. Pp. 6. Calculates the value of the lottery provisions in the new loan.

CROBAUGH, C. J. *International comity in taxation*. Jour. Pol. Econ., April, 1923. Pp. 14. Reviews the practice of double taxation and the efforts made to prevent it.

DUB, L. *Die Wandlungen im Wesen der Steuergerechtigkeit*. Zeitschr. f. Volkswirtsch. u. Sozialpolitik, 3 Heft, 1923. Pp. 41. Traces the development of the political structure, the tax system and the ideal of justice in taxation from the latter middle ages to the present.

HELM, W. P., JR. *The cost of city governments*. Budget (N. Y.), April 2, 1923.

KELSEY, C. H. and HITT, R. *The question of tax-free government securities.* Administration, April, 1923. Pp. 8. Gives briefly the case for and against exemption.

LAGERQUIST, W. E. *Tax-exempt securities.* Bull. National Tax Assoc., April, 1923. Pp. 7. Public utilities find the market for their issues restricted as a result of the expanding volume of tax exempt securities.

LAVINGTON, F. *The Indian fiscal commission.* Econ. Jour. (London), March, 1923. Pp. 9. The commission bases its demand for protection on the young industries argument.

LIESSE, A. *Finances publiques allemandes: les faiblesses d'un monstrueux budget.* L'Econ. Franç., April 14, 1923. Pp. 3. The depreciation of the mark and the policy of resistance to the reparations make it difficult to secure an equilibrium.

———. *Sur le budget de 1923.* L'Econ. Franç., March 24, 1923. Pp. 3. Tells of the hard struggle to achieve an equilibrium in the budget.

NEDELKOVITCH, M. M. *Etudes économiques et financières sur l'état.* Rev. de Science et de Légis. Finan., Jan.-March, 1923. Pp. 37. From a review of the opinions of many writers from the cameralists to those of the present, the author concludes that the state is a useful factor in production and that taxation is justified as a payment for the service it renders the community.

OUALID, W. *Les finances locales en Alsace et en Lorraine.* Rev. d'Econ. Pol., Jan.-Feb., 1923. Pp. 28. The greater amount of autonomy permitted by the German government, and the heavy expenses due to the war and the transfer account for a heavier tax burden than is found in the rest of France.

PARKINSON, T. I. *Tariff act and delegations of legislative power.* Am. Bar Assoc. Jour., March, 1923. Pp. 2. Believes in this act Congress has stretched to the limit its power of delegation to the executive.

RIGHTOR, C. E. *Commentary upon the comparative bonded debt of 36 cities as of January 1, 1923.* Nat. Munic. Rev., May, 1923. Pp. 5. Points out, for example, that part of Baltimore's debt is for productive purposes, and that a large part of the metropolitan district debt falls on Boston.

RYAN, W. C. *Dr. Pritchett and the cost of education.* Jour. Nat. Education Assoc., May, 1923. Pp. 2. Estimating the expenditure for educating at slightly over \$1,000,000,000 and national income at \$70,000,000,000 the author cannot accept the conclusion that the cost of education has become overwhelmingly burdensome.

Seligman, E. R. A. *La deuda aliada.* Rev. de Econ. Argentina, Jan.-Feb., 1923. Pp. 18. Discusses ethical, economic and financial questions involved in the allied debt.

———. *Les dettes alliées: critique des opinions du Secrétaire Hoover.* Rev. Sci. et Légis. Finan., Jan.-March, 1923. Pp. 15. The payment of the debt should be postponed both in our own interest and in the interest of Europe.

The effects of taxation. Pol. Sci. Quart., March, 1923. Pp. 23. Gives many examples to illustrate the incidence and also indirect results, often unintended, of various taxes.

UNDERWOOD, O. W. *The tariff as a factor in American trade.* Foreign Affairs, March 15, 1923. Pp. 11. The present high tariff will check American exports and so disrupt our economic organization.

WELHOFF, M. E. *L'emprunt forcé allemand.* Rev. Sci. et Légis. Finan., Jan.-March, 1923. Pp. 24. So far the receipts from the forced loan have been very small.

YOUNG, A. A. *The United States and reparations.* Foreign Affairs, March 15, 1923. Pp. 13. Believes participation by the United States in the reparations problem would help Europe.

The chancellor's budget speech. Bankers' Mag., (London), May, 1923. Pp. 16. Gives the text.

La répartition de dettes autrichienne et hongroise entre les états successeurs. Rev. Sci. et Légis. Finan., Jan.-March, 1923. Pp. 4. Gives the results of the work of the reparations commission.

Taxation of motor vehicles. Bull. National Tax Assoc., April, 1923. Pp. 9. Reports of state commissions show an increasing tendency to tax gasoline and to increase registration fees.

Population

(Abstracts by A. B. Wolfe)

ANDERSON, E. S. *The significance of some population changes in Nebraska since 1880.* Jour. Geog., Oct., 1922. Pp. 10.

AUROUSSEAU, M. *The geographical study of population groups.* Geog. Rev., April, 1923. Pp. 17. A phase of the study of population by geographical regions with reference to productive capacity and the optimum population for each region.

BOULENGER, M. F. *L'eugénique.* Rev. de l'Inst. de Sociol., Nov., 1922. Pp. 11. A paper before the Institute of Sociology, Feb., 1922. A sketchy discussion of environmental influence, Mendelian heredity, differential fecundity and mortality, "races and nations," and "the state of eugenics."

BRIMHALL, R. L. *Family resemblances among American men of science.* Am. Nat., Nov.-Dec., 1922. Pp. 44.

BUTTERFIELD, K. L. *Conservation of the quality of the rural population.* Sci. Mo., April, 1923. Pp. 6. Emphasis on education and cultural development, rather than on eugenics.

FERENCZI, E. *Das Auswanderungsproblem Nachkriegs-Ungarns.* Weltwirtsch. Archiv, Oct., 1922. Pp. 29. A well-balanced treatment of the changes to be expected in Hungarian emigration and immigration as a result of the economic and political upheaval of war and peace. The author looks for a marked decline in over-seas migration and a great increase within the Continent.

GARLAND, D. F. *Immigration and the labor supply.* System, May, 1923. Pp. 8. Vanishing supply of unskilled laborers will necessitate a more intelligent organization of the labor market and perhaps a change in technology.

GEISSER, A. *Note su l'emigrazione Italiana.* Rif. Soc., Jan.-Feb., 1923. Pp. 19. Replies made to a questionnaire of the Bonomelli association for the protection of emigrants dealing with various problems of emigration policy.

HOWLAND, G. E. *The matrimonial barometer in times of war and peace.* Jour. Applied Soc., Jan.-Feb., 1923. Pp. 10. The high marriage rate during the war is being succeeded by a natural increase in divorce.

KOVÁCS, A. *Die Wiedergeburt der ungarischen Volkskraft.* Ungarische Jahrb., Nov., 1922. Pp. 15. An able though slightly propagandistic article on the three chief enemies of population growth in Hungary, the small family system (found mainly among the small landed peasantry and certain non-Catholics), the high infant mortality rate (the highest in Europe outside of Russia), and tuberculosis. These should be combated respectively by the preachers, the teachers, and the doctors.

LEDE, F. *La protection des enfants du premier âge (loi du 23 décembre, 1874) et budgets départementaux.* Jour. de la Soc. de Statis. de Paris, Dec., 1922. Pp. 12. Continued from Nov., 1922. Detailed statistical discussion, with graphs, of breast feeding vs. artificial feeding, legitimacy and illegitimacy, and infants placed out to hired care.

- LIESSE, A. *L'abaissement de la natalité en France et les remèdes proposés*. L'Econ. Franç., Dec. 30, 1922. Pp. 3. Notes the remedies for dépopulation proposed in the four national conferences which have been held since the war on the declining birth rate. Finds the most promising remedy in the *caisses de compensation* established by certain large industrial enterprises for the payment of an extra wage to fathers of large families.
- MARCUSE, M. *Selbstmord und Sexualität*. Zeitschr. f. Sexualwissensch., Heft 7, 1922. Pp. 9.
- SELLERS, E. *France's fight against her falling birth rate*. Cont. Rev., Dec., 1922. Pp. 6.
- WAGGAMAN, M. T. *Immigrant aid: legislative safeguards, and activities of Bureau of Immigration*. Mo. Labor Rev., Feb., 1923. Pp. 14. Outline of the law and practice.
- WARD, R. DE C. *What next in immigration legislation?* Sci. Mo., Dec., 1922. Pp. 9. Discusses the "imperative necessity" of further permanent legislation.
- Immigration*. Mo. Bull. Chamber of Commerce (N. Y.), Dec., 1922. Pp. 12. Report of committee recommendations and discussion. Shows clearly that those speaking felt themselves on the horns of a dilemma—need of an "adequate" labor supply and fear of alien radicalism.
- Migration movements throughout the world in 1913, 1920 and 1921*. Intern. Lab. Rev., April, 1923. Pp. 26. Incomplete figures of total immigration, emigration and repatriation for the countries which are members of the International Labor Organization; a first step to a study of the migration problem.
- Nybyggessverksamhet och statsorganisation för sociala jordfrågor*. Soc. Med., no. 2, 1923. Pp. 15. Treats of emigration and of Swedish state activities, actual and proposed, to increase agricultural opportunities at home.
- Population changes in the United States 1910-1920*. Pub. Health Reports, May 4, 1923. Pp. 6. Excerpts from Census Monograph, no. 1.

Insurance and Pensions

(Abstracts by Henry J. Harris)

- ADAMS, C. *The grave danger of excessive public control of American insurance and how to prevent it*. Econ. World, March 24, 1922. Pp. 3. The business must be popularized, and the support of the agency force is the hope of the future.
- CHAPPELL, F. C. *What Britain has done for her unemployed*. Annalist, April 30, 1923. Pp. 2.
- DOYLE, O. M. *Forms of coverage and principles of rate making in automobile insurance*. Econ. World, April 21, 1923. Pp. 3. Classes of cars, kinds of insurance provided, calculation of premium and organizations providing rate data.
- FLIGELMAN, B. *If you grow old in Montana*. Survey, May 15, 1923. Pp. 2. Montana and Nevada old age pension acts came into force March 5. Montana act has 70-year limit, income less than \$300, residence 15 years continuous and benefit not to exceed \$25 monthly. Administered by county old age commissioners, paid from county poor fund, which has claim for reimbursement from beneficiary's estate.
- HAGEN, O. *Die neuen Seeversicherungsbedingungen und ihre Bedeutung für das gesamte Versicherungsrecht*. Zeit. f. d. ges. Ver.-Wis., April, 1923. Pp. 8. Provisions of the law of 1919.
- HUEBNER, S. S. *Life insurance savings as compared with other forms of savings*. Econ. World, April 7, 1923. Pp. 8. Corporate stocks are essentially a speculation; present-day bonds contain "a large element of uncertainty; real estate

- mortgages are in general preferable to corporate securities; depository institutions (savings banks, building-loan associations) have high value for small investor, while life insurance offers the highest form of investment security for one with dependents.
- HULL, R. S. *The allocation of administrative expense by lines for casualty insurance companies.* Proc. Casualty Actuarial Soc., Nov., 1922. Pp. 13. Working groups for various departments, weighting of time costs, etc.
- KOEPLER, H. *Zur Berechnung der Zuschlagprämien und erhöhten Prämien.* Zeit. f. d. ges. Ver.-Wis., April, 1923. Pp. 6. Formulas used for life premiums.
- OTT, DR. *Wertbeständige Kapitalanlagen in ihrer Bedeutung für die Versicherung.* Zeit. f. d. ges. Ver.-Wis., April, 1923. Pp. 9. Account of operations of numerous banks issuing certificates payable in grain, coal, sugar, kilowatts, etc. For insurance investments some form of security based on a price-index of important commodities is necessary.
- PERKINS, S. B. and WHEELER, R. A. *1922 revision of the industrial compensation rating schedule.* Proc. Casualty Actuarial Soc., Nov., 1922. Pp. 12. Methods used in rating the hazards of machines, transmission, elevators, etc., on the basis of statistical reports.
- PIKE, M. *Some aspects of the compulsory automobile insurance movement.* Proc. Casualty Actuarial Soc., Nov., 1922. Pp. 15. Several states now require owners of cars to carry liability insurance; most of the laws apply only to cars for hire. Amounts vary from \$2,500 to \$10,000. Apparently movement will be similar to compensation legislation and offers opportunity for experts in that line to aid in framing rules, etc.
- RENTER, H. *Die Hilfsaktion zugunsten der Versicherten bei deutschen Lebensversicherungsgesellschaften.* Zeit. f. Schweiz. Stat. u. Volkswirts., Heft 1, 1923. Pp. 24. Eight German companies operating in Switzerland have declared themselves unable to meet their Swiss obligations; these companies carried one fifth of the total amount of the life policies in Switzerland. Review of Swiss laws concerning guaranties required of foreign companies. Discussion of proposals made by German companies for ultimate settlement. Gives statistical data in comprehensive form.
- RIEBSSELL, DR. *Wertbeständige Versicherung.* Zeit. f. d. ges. Ver.-Wis., April, 1923. Pp. 8. The methods proposed for insuring property, commodities, etc., by plans for an index of values, by using a fixed value for the mark, by using the exchange value of the mark, by using foreign currencies and by using the full value of the property.
- ROHRBECK, W. *Volkswirtschaft und Versicherung im heutigen Deutschland.* Zeit. f. d. ges. Ver.-Wis., April, 1923. Pp. 9. Problems of insurance in a régime of constant inflation.
- STIER-SOMLO. *Die Neugestaltung der Angestelltenversicherung.* Zeit. f. d. ges. Ver.-Wis., April, 1923. Pp. 11. Provisions of the act of November 10, 1922, in regard to salaried employees' insurance.
- WALL, A. E. *The experience of Australia with state insurance.* Econ. World, March 31, 1923. Pp. 2. The states now conduct funds for insurance of state property, competitive funds for workers' insurance, fire, etc., and a monopoly fund for the compensation act in Queensland. State insurance has introduced no new principles; where it operates on equal terms with private firms, has shown no economy.
- WILSON, W. N. *Permanent total disability from accidental causes.* Proc. Casualty Actuarial Soc., Nov., 1922. Pp. 21. Review of literature on subject; mortality rates computed by Mr. Arthur Hunter seem too high; in compensation (accident) cases, rate decreases sharply with lapse of time; rate varies widely according

to nature of disability; rate for disease disability probably higher than for accident disability.

WOLMAN, L. *Unemployment insurance*. Proc. Casualty Actuarial Soc., Nov., 1922. Pp. 12. British experience under the 1911 and later acts has shown that an insurance system can be administered fairly and competently. The beginnings of insurance in this country seem to indicate its probable adoption here.

ZEENE, P. *Die soziale und wirtschaftliche Bedeutung der privaten Pensionsversicherung*. Zeit. f. d. ges. Ver.-Wis., April, 1923. Pp. 10. Problems of the pension funds of private firms.

Compensation—the new phase. Survey, April 15, 1923. P. 1. The movement for exclusive state funds.

Cost of unemployment relief in Switzerland. Lab. Gaz. (London), March, 1923. Pp. 2.

The economic importance of workmen's compensation insurance. Econ. World, March 10, 1923. P. 1. Reprinted from *The General's Review*, of the General Accident, Fire and Life Assurance Corporation, Ltd., Feb., 1923. Compensation has stimulated the prevention of accidents and reduced costs of production.

Occupational diseases under the federal compensation law—opinion of the Attorney-General. Mo. Labor Rev., June, 1923. Pp. 8. Ruling that the compensation commissioners have power to include such diseases and that the term "personal injury" does include such diseases under the law.

Pauperism, Charities, and Relief Measures

(Abstracts by George B. Mangold)

CORCORAN, J. F. R. *Hospital social service*. Catholic Charities Rev., May, 1923. The writer suggests a plan whereby hospital social work may be developed in the various Catholic hospitals in a given community. He is impressed with the necessity of this work and, therefore, urges its organization.

DALMAZZO, F. *Il problema legislativo dell' assistenza ai minorenni abbandonati*. Riv. Internaz., Feb., 1923. Pp. 14. Legal provision for abandoned children and ways of correlating public and private action.

MOSKOWITZ, H. *Changes in the Jewish settlement*. Jewish Center, Feb., 1923. The author says that the settlement was of Christian origin but the movement has been non-sectarian. The settlement influences the child, but has had only minor effects on the family. A new technic is suggested, but the settlement idea is a good one and public agencies cannot take its place.

MUNGER, E. *A system of classification in the New Jersey Home for Girls*. Jour. of Delinquency, March, 1923. Presents a number of excellent forms to be used in classifying and examining delinquent girls placed in an institution. These forms cover so many phases of the girls' life that they should be of great value to the institution in planning a constructive program for the girls.

O'GRADY, J. *Penniless old age*. Catholic Charities Rev., March, 1923. The writer presents interesting facts showing the number of aged poor in the state of Ohio. He estimates that there are about 117,000 persons over 65 who have not saved anything. An old age pension system is suggested as the way to meet the problem.

_____. *The progress of a volunteer group*. Catholic Charities Rev., May, 1923. Discusses the work of the volunteer in connection with the development of Catholic charities, and brings out the need of a staff of trained workers, but recognizes an important place for the volunteer.

ORDAHL, G. *Diagnosis of the unstable moron*. Jour. of Delinquency, March, 1923. The purpose is to emphasize the need of the most careful psychological diagnosis

of this class of individuals. Suggests a number of practical methods of improvement.

RHYS, S. I. *Suppose nobody cared.* New Repub., May 16, 1923. A one-sided statement of the community chest idea. The writer takes the recent experience in San Francisco as his example and severely criticizes the financial federation movement. This article should be followed by one representing the aims and ideals and the accomplishments of community chests; otherwise readers cannot avoid becoming prejudiced.

SEMAN, P. L. *The psychology of advertising and its application to the Jewish Center.* Jewish Center, Feb., 1923. A social center must employ legitimate means of attracting and holding the attention of those whom it wishes to reach. It must take a lesson from business and make its publicity attractive.

SOLIS-COHEN, E. *Woman in the Jewish Center.* Jewish Center, Feb., 1923. Writer says that women should be given an equal status with men in the Jewish Center. Activities should be so planned that women may be attracted and benefited. The article makes a number of practical suggestions as to the program and plan of development.

WRIGHT, H. W. *Mental conditions in childhood.* Jour. of Delinquency, March, 1923. Emphasizes the need of examining children in early life and discovering their mental conditions so that such institutions as the home and the school may be better able to make the most of their opportunities.

Statistics

(Abstracts by Bruce D. Mudgett)

BLASCHKE, E. *Sulle tavole di mortalità variabili col tempo.* Giorn. di Matematica Finan., Feb., 1923. Pp. 31. Study of changes in mortality rates at various ages through the four decades 1871-1910.

BLOOD, J. B. *Law of growth in forecasting demand.* Jour. Am. Stat. Assoc., March, 1923. Pp. 3. Good criticism of the theoretic basis for the growth curve used by Raymond Prescott in his article in December, 1922, issue of the Journal.

BOWLEY, A. L. *Income in the United States.* Quart. Jour. Econ., May, 1923. Pp. 8. A critical but appreciative review of the study of incomes made by the economists of the National Bureau of Economic Research.

CAVANAUGH, L. D. *The value of statistics to accident and health insurance companies.* Econ. World, April 14, 1923. Pp. 2. Writer contends that smaller accident and health insurance companies have great need for establishing statistical departments, and that money spent on such departments will mean long-run economy. Combination of the statistical experience of all companies writing this business will assist in solving many rating and underwriting problems and will be as valuable as the same sort of thing has been to the life insurance companies.

CRUM, W. L. *The use of the median in determining seasonal variation.* Jour. Am. Stat. Assoc., March, 1923. Pp. 8. Investigation of the relative stability of the median and the arithmetic mean of link-relatives used by Professor Persons to measure seasonal variation. Studies distribution of monthly link-relatives of interest rates for period of 27 years by fitting a Charlier Type A curve and by dissecting it into two normal distributions. Concludes that median of link-relatives is more stable than mean for this series and will probably be so for historical economic series generally.

FISHER, I. "The making of index numbers." To the editor of the *Statist*: the issue between us. *Statist* (London), March 31, 1923. Professor Fisher, in answer to articles in the *Statist* defending its own index number and criticizing his "ideal" formula, takes up again, as in his recent book, the question whether an index number is a ratio of averages or an average of ratios, answering that it is

the latter. Reiterates his previous statement that the Statist formula is faulty, but says that in his book he overstated the seriousness of these faults.

"*The making of index numbers.*" To the editor of the *Statist*. *Statist* (London), April 7, 1923. Professor Fisher further explains and defends his two tests of an index number, the time reversal and the factor reversal tests, and uses them to evaluate the *Statist* index number. He further corrects an injustice done to the *Statist* index number through a clerical error in his book.

HALZINGER, K. J. *A combination form for calculating the correlation coefficient and ratios.* Jour. Am. Stat. Assoc., March, 1923. Pp. 5. Illustrates method of calculating constants named by working with integers rather than decimals. Formulas are given.

HURLIN, R. G. *Canadian employment statistics.* Jour. Am. Stat. Assoc., March, 1923. Pp. 8. Description of data on employment collected by Employment Service of Canada, established in 1918. Employers' returns include all industries except agriculture and all employers employing more than ten persons. Canada has, for last three years, the most complete statistical record of employment available in any country.

JENNY, O. H. *Diagramme zur Veränderung der Kosten der Lebenshaltung 1911-1922.* Zeitschr. f. Schweiz. Stat. u. Volkswirts., Heft 1, 1923. Pp. 7. A discussion of cost-of-living figures in Switzerland 1911-1922.

JONELI, H. and WYSS, E. *Statistik der Nationalratswahlen von 1919 und 1922.* Zeitschr. f. Schweiz. Stat. u. Volkswirts. Heft 1, 1923. Pp. 7.

ROBINSON, J. W. *Forecasting in the Edison industries.* Administration, April, 1923. Pp. 5. Continues previous articles on the same subject, in this case describing methods of speeding up issue of financial statements and of standardizing accounting procedure.

ROSSITER, W. S. *The adventure of population growth.* Jour. Am. Stat. Assoc., March, 1923. Pp. 14. A consideration of rates of increase of population in various civilized countries. "If the increase during the coming century in the population of Europe, North America, and the estimated number of persons of European blood elsewhere were to be placed at the one-third per century rate already suggested as likely to have prevailed for the period prior to 1800, the number of persons of European blood in 2020 would be 860 millions; but if the rate of increase shown for the past century by Europe and the United States combined were to be maintained to 2020, the number of persons of European blood living in that year would reach the amazing total of 1,980,000,000."

SNYDER, C. *Shall we modify our view of the business cycle?* Administration, May, 1923. Pp. 6. Author presents the modern view of the business cycle as a price and profits cycle rather than a trade cycle. By examining evidence in different fields of variations in physical volume, he concludes that the annual volume of trade probably does not vary from its normal line of growth more than five per cent.

STONE, E. L. *Forecasting the future market in a large community.* Harvard Bus. Rev., April, 1923. Pp. 13. Description of the methods used in the telephone industry to forecast demands for telephone service for periods ranging to twenty-five years in the future.

THOMPSON, W. S. *Population facts for the United States and their interpretation.* Jour. Am. Stat. Assoc., March, 1923. Pp. 13. Brief survey of some of the outstanding results thus far obtained from the 1920 census: the decrease in rate of growth; uneven growth in city and country; decline in the proportion of colored population, etc.

WATKINS, G. P. *The measurement of concomitance of variation: proposed indexes of variability and correlation based upon logarithmic curves and having reference*

primarily to time series. Jour. Am. Stat. Assoc., March, 1923. Pp. 12. A new method proposed for study of the fluctuations of time series. To be concluded in a later number.

WEMBRIDGE, H. A. *Experiment and statistics in the selection of employees.* Jour. Am. Stat. Assoc., March, 1923. Pp. 7. A discussion of methods of selecting machine operatives in the shops of the Joseph and Feiss Company. Their studies indicated that rating scales and tests of manual dexterity were of little value to them; and that mental tests were the most accurate and most economical methods of testing future skill.

WINN, J. *Determination of the new normal level for commodity prices.* Annalist, April 16, 1923. Pp. 2. By an empirical method the writer endeavors to determine the probable normal price level for the next five years. The method consists essentially in obtaining the ratio "money stock ÷ price index" and drawing a free-hand trend curve through this series of ratios. Conclusion is reached that the normal level at which prices will become stabilized is materially above present prices.

ZUGARO, F. *Una statistica internazionale delle spese militari.* Giorn. d. Econ., Jan., 1923. Pp. 19.

Final report of the Joint Committee of the American Statistical and American Economic Associations to the Director of the Census, 1922. Jour. Am. Stat. Assoc., March, 1923. Pp. 22.

DOCUMENTS, REPORTS AND LEGISLATION

Industries and Commerce

From the United States Tariff Commission have been received revised editions of the Tariff Information Surveys on *Cotton Knit Goods* (Washington, 1923, pp. 74), *Wool Knit Goods* (pp. 38), *Cotton Wearing Apparel* (pp. 37), *Hose for Conducting Liquids or Gases* (pp. 19), *Nets and Seines* (pp. 14), *Bags of Jute and Cotton* (pp. 36), all on the articles in various paragraphs of the Tariff act of 1913; and one on the articles in paragraph 323 of the same act, dealing with *Tissue, Bibulous, and Filter Paper, Parchment Paper*, etc. (1923, pp. 34). The Commission has also issued *The Relations of the Tariff on Sugar to the Rise in Price of February-April 1923* (pp. 26), containing several tables and a chart of sugar prices, 1912-1923.

The Federal Trade Commission has published reports on the following industries:

House Furnishings Industries. Vol. I, *Household Furniture* (Washington, January 17, 1923, pp. 484, price 60 cents). Part I deals with prices and profits of manufacturers and dealers; part II, with competitive conditions; and there are charts, diagrams, tables, and six appendixes.

Foreign Ownership in the Petroleum Industry (February 12, 1923, pp. 152, price 15 cents). Chapter II deals with the Royal Dutch-Shell group; chapter IV, with foreign interests in the United States; and chapter V, with restrictive policies and administrative practices of foreign corporations.

Western Red Cedar Association, Lifetime Post Association, Western Red Cedarmen's Information Bureau (January 24, 1923, pp. 22).

Cotton Trade (February 26, 1923, pp. 28). A preliminary report.

Hearings before a subcommittee of the Senate Committee on Manufactures on the *High Cost of Gasoline and Other Petroleum Products* have been published in two volumes (67 Cong., 2 and 4 Sess., 1923, pp. 1769).

The Hearing before the Senate Committee on Agriculture and Forestry on S. 4110 *To Amend the Packers and Stockyards Act, 1921* (67 Cong., 4 Sess.) has been printed under date of February 14, 1923 (Washington, Gov. Prtg. Office, pp. 19); also, Hearings before a subcommittee of the same Committee on S. Res. 389, *Proposed Merger of Meat-Packing Corporations* (67 Cong., 4 Sess.), January 8, 9, and 10, 1923 (pp. 30).

A Summary of Agricultural Statistics has been prepared for the use of the Committee on Agricultural Outlook, by the Bureau of Agricultural Economics of the United States Department of Agriculture (Washington, April, 1923, pp. 30, cyclostyled).

Report of the Massachusetts Special Commission on the Necessaries of Life (Boston, January, 1923, pp. 288) contains chapters on general considerations, recommendations, and the cost of living, also many exhibits and tables.

The University of Minnesota Agricultural Experiment Station (St. Paul) has issued:

Bull. 201, *Organization and Management of Local Livestock Shipping Associations in Minnesota*, by E. W. Gaumnitz and J. D. Black (December, 1922, pp. 77).

Bull 202, *Farmers' Coöperation in Minnesota, 1917-1922*, by H. Bruce Price (January, 1923, pp. 78).

The publicity committee of the Minnesota Chamber of Commerce has issued a pamphlet on *Orderly Marketing*, which deals with "the unfortunate position of the producer of apples, onions, potatoes, etc., as compared with the producer of wheat."

The Merchants' Association of New York has published the report by the committee on city traffic on the *City Transit Problem* (New York, January, 1923, pp. 92) and maps and diagrams.

A leaflet entitled *Coal Situation as of May 1, 1923* has been printed by the Chamber of Commerce of the United States, Washington, D. C.

From the General Policies Committee of Anthracite Operators (437 Chestnut St., Philadelphia) may be obtained the following pamphlets, which were submitted to the United States Coal Commission during April and May, 1923: *The Anthracite Coal Strike of 1922, a Statement of Its Causes and Underlying Purposes* (pp. 8); *The Anthracite Emergency of 1922-1923 and How It Was Handled* (pp. 22); *Outlaw Strikes in the Anthracite Fields* (pp. 15); *Union Rules and Practices Limiting Output and Impairing Efficiency in the Anthracite Fields* (pp. 12); *Need for Greater Democracy in the Union* (pp. 11).

Corporations

Hearings before a subcommittee of the Senate Committee on Interstate Commerce on H. R. 10,598, *Regulating Sale of Securities* (67 Cong., 4 Sess., 1923, pp. 201) have been printed.

The following reports dealing with public utilities have been received: *Ninth Annual Report of the Public Utilities Commission of the District of Columbia, 1921* (Washington, 1922, pp. 234).

Report of the Public Service Commission of Maryland for the Year 1922 (Baltimore, 1923, pp. 493).

Thirty-seventh Report of the Railroad and Warehouse Commission of the State of Minnesota for the Biennial Period Ending November 30, 1922 (St. Paul, pp. 785).

Labor

The following publications of the United States Department of Labor have been received:

From the Bureau of Labor Statistics,
No. 812, *National Health Insurance in Great Britain, 1911 to 1921*, by H. J. Harris (Washington, April, 1923, pp. 103).

- No. 322, *Kansas Court of Industrial Relations* (April, 1923, pp. 51).
No. 324, *Wages and Hours of Labor in the Boot and Shoe Industry: 1907 to 1922* (March, 1923, pp. 118).
No. 325, *Union Scale of Wages and Hours of Labor, May 15, 1922* (April, 1923, pp. 210).
No. 327, *Wages and Hours of Labor in Woolen and Worsted Goods Manufacturing, 1922* (May, 1923, pp. 34).
No. 329, *Wages and Hours of Labor in the Men's Clothing Industry, 1911 to 1922* (May, 1923, pp. 39).

From the Children's Bureau,

- No. 112, *Infant Mortality: Results of a Field Study in Gary, Indiana, Based on Births in One Year*, by Elizabeth Hughes (1923, pp. 122).
No. 115, *Child Labor and the Work of Mothers in the Beet Fields of Colorado and Michigan* (1923, pp. 122).
No. 116, *Standards and Problems Connected with the Issuance of Employment Certificates* (1923, pp. 67). Proceedings of conference held under the auspices of the United States Children's Bureau and the National Education Association at Boston, July, 1922.

Annual Report of the Massachusetts Department of Labor and Industries, 1922 (Boston, 1923, pp. 44) has been printed as Public Document no. 104.

Money, Prices, Credit, and Banking

The Annual Report of the Comptroller of the Currency, December 4, 1922 (Treasury Dept., Washington, 1923, pp. 171) has been received.

Hearings before the House Committee on Banking and Currency (67 Cong., 4 Sess.) have been issued under the following titles:

Federal Farm Loan Act, on H. R. 13125. Contains statements of H. M. Towner, C. E. Lobdell, M. O. McLaughlin, and others, made in December, 1922, and January, 1923, to amend various sections of the act of 1916 (1923, pp. 270).

Rural Credits, on S. 4280 (H. R. 13033) in two parts (1923, pp. 351). Hearings were held in April and May, 1922, and in January and February, 1923, "to provide for the incorporation and supervision of corporations formed for the purpose of making agricultural and live-stock loans; to amend the Federal Reserve act; to amend the Federal Farm Loan act; to extend and stabilize the market for United States bonds and other securities; to provide fiscal agents for the United States; and for other purposes." The statements of F. H. Bixby, J. Sheehan, W. Pollman, and Eugene Meyer, Jr., on S. 4063 (H. R. 18088), November 24, 1922, have been printed as a separate (1922, pp. 18).

Stabilization of Purchasing Power of Money, on H. R. 11788, in two parts (1923, pp. 164). Part I contains statements of Irving Fisher, J. H. Rogers, W. I. King, R. D. Kent, and others, December, 1922; part II gives the opposition and rebuttal, January, 1923.

The speech of Hon. T. Alan Goldsborough in the House of Representatives, February 17, 1923, has been printed under the title, *Fortifying the Federal Reserve System against Inflation and Deflation* (Gov. Prtg. Office, Washington, pp. 7).

The House of Representatives has printed as separates (67 Cong., 4 Sess.) *Federal Farm Loan Act*, Report no. 1578, (pp. 10); and *Letter from the Secretary of the Treasury Transmitting the Sixth Annual Report of the Federal Farm Loan Board, 1922*, Document no. 560 (pp. 22).

A new edition of the *Federal Reserve Act* as amended to March 4, 1923, with an appendix containing various provisions of certain acts of Congress which affect, directly or indirectly, the operations of federal reserve banks and banks which are members of the federal reserve system, has been compiled under the direction of the Federal Reserve Board (Washington, 1923, pp. 120, price 15 cents).

The following separate annual reports for 1922 of the several district reserve banks have been received: Atlanta (pp. 69); Boston (pp. 68); Chicago (pp. 48); Cleveland (pp. 30); Dallas (pp. 89); Kansas City (pp. 24); Minneapolis (pp. 19); New York (pp. 62); Philadelphia (pp. 34); Richmond (pp. 101); St. Louis (pp. 42).

Annual Report of the New Jersey Commissioner of Banking and Insurance Relative to Building and Loan Associations, June 30, 1922 (Trenton, 1922, pp. 181) has been published.

The National Shawmut Bank of Boston has compiled a *Bank Directory of New England* in pocket size (January, 1923, pp. 215).

Public Finance

The Annual Report of the Secretary of the Treasury on the State of the Finances of the Fiscal Year June 30, 1922 (Treasury Dept., Washington, 1923, pp. 976) has been published.

State reports dealing with taxation have been received as follows:

Eleventh Annual Report of the Colorado Tax Commission, 1922 (Denver, 1923, pp. 127).

Annual Report of the State Board of Tax Commissioners of Indiana for the Year Ending September 30, 1922 (Indianapolis, 1923, pp. 104), reprinted from the *Year Book*.

Annual Report of the Massachusetts Commissioner of Corporations and Taxation, 1922 (Boston, 1923, pp. 177).

Seventh Annual Report of the State Board of Taxes and Assessment of New Jersey, for the Year Ending June 30, 1922 (Trenton, 1922, pp. 820).

Insurance and Workmen's Compensation

Twelfth Annual Report of the United States Steel and Carnegie Pension Fund, 1922 (Pittsburgh, Pa., 1923, pp. 9) has been issued.

The following reports dealing with workmen's compensation have been received:

Sixth Annual Report of the United States Employees' Compensation Commission, 1922 (Gov. Prtg. Office, Washington, 1922, pp. 111).

Report for 1922 of the Workmen's Compensation Board of Nova Scotia (Halifax, N. S., 1923, pp. 32).

Demography

Mother Tongue of the Foreign White Stock has been reprinted from the Fourteenth Census of the United States, Population: 1920, chapter X, vol. II (Washington, Bureau of the Census, 1923, pp. 967-1037).

Hearings before the House Committee on Immigration and Naturalization (67 Cong., 3 Sess.) on *Analysis of America's Modern Melting Pot*, Serial 7-C (Washington, 1923, pp. 725-831), containing statement of Harry H. Laughlin, have been printed; also (67 Cong., 2 Sess.) *Hearings on Immigration for Fiscal Year Ended June 30, 1922*, Serial 6-B (1922, pp. 593-625), containing statements of W. W. Husband and R. C. White.

TWENTIETH LIST OF DOCTORAL DISSERTATIONS IN POLITICAL ECONOMY IN PROGRESS IN AMERICAN UNI- VERSITIES AND COLLEGES

Students whose period of continuous non-residence exceeds three years are omitted from the list. The last date given is the probable date of completion.

The first list of this kind was dated January 1, 1904, and was sent to all members, but not regularly bound in the publications. The subsequent lists have appeared in the publications as follows:

- Second list, 1905, in third series, vol. vi, p. 737.
- Third list, 1906, in third series, vol. vii, 3, supplement, p. 43.
- Fourth list, 1907, in third series, vol. viii, no. 2, supplement, p. 42.
- Fifth list, 1908, in the *Bulletin* for April, 1908, p. 69.
- Sixth list, 1909, in the *Bulletin* for April, 1909, p. 16.
- Seventh list, 1910, in the *Bulletin* for March, 1910, p. 12.
- Eighth list, 1911, in the *Review* for March, 1911, p. 212.
- Ninth list, 1912, in the *Review* for June, 1912, p. 519.
- Tenth list, 1913, in the *Review* for June, 1913, p. 527.
- Eleventh list, 1914, in the *Review* for June, 1914, p. 524.
- Twelfth list, 1915, in the *Review* for June, 1915, p. 476.
- Thirteenth list, 1916, in the *Review* for June, 1916, p. 499.
- Fourteenth list, 1917, in the *Review* for June, 1917, p. 485.
- Fifteenth list, 1918, in the *Review* for June, 1918, p. 459.
- Sixteenth list, 1919, in the *Review* for June, 1919, p. 433.
- Seventeenth list, 1920, in the *Review* for September, 1920, p. 692.
- Eighteenth list, 1921, in the *Review* for June, 1921, p. 388.
- Nineteenth list, 1922, in the *Review* for June, 1922, p. 380.

Theory and Its History

- ARTHUR L. FAUBEL, S. B., New York, 1919; A. M., Columbia, 1920; A. M., Princeton, 1921. Price fixing and competitive prices. 1923. *Princeton*.
- HUGH MACKAY FLETCHER, B. A., British Columbia, 1919; A. M., Stanford, 1920. The attitude of early American economists toward certain doctrines of Adam Smith. 1924. *Stanford*.
- CARL WILLIAM HASEK, A. B., Lehigh, 1911; A. M., Harvard, 1914. The introduction of Adam Smith's doctrines into Germany. 1924. *Columbia*.
- WILLIAM WALLACE HEWETT, A. B., Swarthmore, 1920; A. M., Pennsylvania, 1922. A definition of income. 1924. *Pennsylvania*.
- JOSEPH BRADLEY HUBBARD, A. B., Wisconsin, 1912; A. M., 1913. Economic thought in patristic literature. 1923. *Harvard*.
- ELIZABETH PINNEY HUNT, A. B., Bryn Mawr, 1912. Some unpublished writings of Arthur Young. 1924. *Bryn Mawr*.
- ARTHUR J. MERTZKE, A. B., Wisconsin, 1916. Development of economic theory in the South prior to the Civil War. 1924. *Wisconsin*.
- PAUL LESLIE MORRISON, A. B., DePauw University, 1921; M. B. A., Northwestern, 1922. The determination of profit from the point of view of an individual enterprise. 1924. *Northwestern*.
- BERTIL GOTTHARD OHLIN, Lic. Phil., Stockholm, 1922. Contributions to the theory of interregional and international trade. 1923. *Harvard*.
- PEDRO AGUILAR SANTIAGO, Ph. B., Chicago, 1921. Correlation of economics and accounting. 1924. *Columbia*.
- MICHAEL M. ZARCHIN, B. S., California, 1920; M. S., 1922. Analysis of governmental arbitration. 1925. *California*.

Economic History and Geography

- CHARLES MEEKS ANDERSON, A. M., Michigan, 1918. The economic development of Oklahoma since 1889. 1925. *Chicago*.
- MANDELL MORTON BOBER, S. B., Montana, 1918; A. M., Harvard, 1920. The economic interpretation of history. 1924. *Harvard*.
- R. G. BOOTH, A. B., Illinois Wesleyan, 1914; A. M., Columbia, 1915. Some social aspects of the development of the natural sciences in England in the eighteenth century. 1923. *Columbia*.
- VIVA BELLE BOOTHE, A. B., Texas, 1918; A. M., Pennsylvania, 1920. The development of a third party in the United States. 1923. *Pennsylvania*.
- LUCY BRANHAM, A. B., Washington, 1911; A. M., Johns Hopkins, 1914. The history of labor and politics in New York. 1923. *Columbia*.
- ROTH CLAUSING, A. B., Ohio Wesleyan, 1912; A. M., Columbia, 1917. Theories of the colanate. 1923. *Columbia*.
- MERVYN CROBAUGH, A. B., Stanford, 1919; A. M., 1920. The Russian land problem with particular emphasis on what has been accomplished under the present Bolshevik system. 1923. *Stanford*.
- HORACE BANCROFT DAVIS, A. B., Harvard, 1921. Conditions of building labor in the Middle Ages. 1924. *Columbia*.
- MARVIN EDWARD EAGLE, A. B., Kentucky Wesleyan, 1912; A. M., Vanderbilt, 1918. The history of internal improvements in Kentucky to 1860. 1923. *Chicago*.
- HERBERT FIELD, A. B., Union Theological Seminary, 1909; A. M., Columbia, 1921. The anti-rent movement in New York. 1923. *Columbia*.
- PAUL R. FOSSUM, A. B., Park Region College, 1915. The agrarian movement in North Dakota. 1924. *Johns Hopkins*.
- JOSEPH A. GEDDES, A. B., Brigham Young College, 1907; A. M., Columbia, 1918. Some economic aspects of the settlement and growth of Franklin County, Idaho. 1923. *Columbia*.
- PAUL M. HAMLIN, A. B., Hamilton, 1919; A. M., Columbia, 1922. The economic relations of the United States, China, and Japan. 1924. *Columbia*.
- MILDRED L. HARTSOUGH, A. B., Minnesota, 1919; A. M., 1921. Development of the Twin Cities as a metropolitan center. 1924. *Minnesota*.
- QUINTON HOLTON, A. B., Trinity (N. C.), 1918. History of the land question in the southern colonies from 1776 to 1800. 1923. *Chicago*.
- HENRY FRANCIS JAMES, Ph. B., Wisconsin, 1915; Ph. M., 1920. Geography of the Allegheny Plateau. 1924. *Pennsylvania*.
- SAMUEL HAGOP JAMGOCHIAN, S. T. B., Yale, 1919; A. B., Amherst, 1920; A. M., Columbia, 1921. Future industries of Armenia. 1923. *Columbia*.
- FREAS FREDERICK JORDAN, S. B., Pittsburgh, 1919; A. M., Chicago, 1921. Industrial and commercial history of Cincinnati. 1924. *Chicago*.
- CHARLES B. KUHLMANN, A. B., Wisconsin, 1906; A. M., Minnesota, 1920. History of flour milling in the United States with special emphasis on the industry in Minneapolis. 1924. *Minnesota*.
- IRVING STODDARD KULL, A. B., Beloit, 1909; A. M., Indiana, 1911. The Presbyterian church and slavery. 1923. *Chicago*.
- H. LARSON, A. B., St. Olaf, 1918; A. M., Columbia, 1920. Economic causes of agrarian discontent in the West. 1925. *Minnesota*.

- CHIANG LIU, A. B., Cornell College, Iowa, 1920; A. M., Iowa, 1921. Isolation and contact as factors in the cultural evolution of China, Korea, and Japan prior to 1842. 1923. *Iowa*.
- ADELAIDE MACDONALD, A. B., Toronto, 1922. The clergy reserves. 1924. *Toronto*.
- SETH SHEPARD MCKAY, A. B., Texas, 1912; A. M., 1919. Texas, 1870-1880. 1924. *Pennsylvania*.
- JAMES FRANCIS MCINTYRE, A. B., Saint Charles College, 1916; A. M., Wisconsin, 1920. The spice trade and the discovery of America. 1924. *Columbia*.
- MARION FIDELIS MORAN, A. B., Hunter, 1917; A. M., Columbia, 1919. The economic history of the city of New York since the Civil War. 1924. *Columbia*.
- HELEN P. MUDGETT, A. B., Wellesley, 1921. Economic causes of Puritan discontent in England. 1925. *Minnesota*.
- ELINOR EVANGELINE PANCOAST, Ph. B., Chicago, 1917; A. M., 1922. The life and work of Frances Wright. 1924. *Chicago*.
- JOHN C. PAUTZ, A. B., Northwestern, 1916. The development of manufactures in the Great Lakes Basin. 1923. *Columbia*.
- GUY A. PETERSON, S. B., Iowa State, 1918; S. M., Cornell, 1920. Acquisition of land in Wisconsin. 1924. *Wisconsin*.
- CHARLES WOOTEN PIPKIN, A. B., Henderson-Brown, 1918; A. M., Vanderbilt, 1919. The social history of the negro in Arkansas and Tennessee, with a suggested program for the special policy of the future. 1924. *Harvard*.
- J. EDWIN POMFRET, A. B., Pennsylvania, 1920; A. M., 1922. Commercial policy of France after the Restoration, with special reference to the relations with the United States. 1923. *Pennsylvania*.
- LOWELL JOSEPH RAGATZ, A. B., Wisconsin, 1920; A. M., 1921. Economic decline of the British West Indies. 1923. *Pennsylvania*.
- STUART A. RICE, A. B., University of Washington, 1912; A. M., 1915. The influence of class mores upon the possibilities of labor-agrarian politics in America. 1923. *Columbia*.
- H. L. SCOTT, Ph. B., Denison, 1911. The social influence of oversea expansion on France, to 1785. 1923. *Columbia*.
- MARIAN V. STAFFERT, Real Gymnasium, Aachen, Germany, 1914. The economic development of Alsace and Lorraine. 1923. *California*.
- MARY STEWART, S. B. in Ed., Pennsylvania, 1918; A. M., 1919. History of the internationalizing of European rivers. 1923. *Pennsylvania*.
- OSCAR BERNARD YTREHES, A. B., North Dakota, 1915. The Norse-Danish press in the United States. 1923. *Chicago*.

Agriculture, Mining, Forestry, and Fisheries

- EUSTAQUIO G. AQUINO, A. B., University of the Philippines, 1917; M. A., Yale, 1921. Agricultural legislation of the Philippines. 1923. *Wisconsin*.
- CLYDE RAY CHAMBERS, A. B., Missouri, 1916; A. M., Minnesota, 1917. Farm land valuation. 1924. *Harvard*.
- CLAUD F. CLAYTON, B. A., Missouri, 1915; A. M., 1916. Price as a factor in the determination of the choice of certain Minnesota farm enterprises. 1924. *Minnesota*.
- WILLIAM COAN, A. B., Palmer, 1902; A. M., Columbia, 1921. Stabilization: a problem in coal. 1924. *Columbia*.

- AVERY ODELL CRAVEN, A. B., Simpson; A. M., Harvard. The history of soil exhaustion in the old South. 1923. *Chicago*.
- PAUL A. EKE, S. B., Wisconsin, 1920; S. M., 1921. History of agriculture in Rusk County, Wisconsin. 1923. *Wisconsin*.
- CLARA ELIOT, A. B., Reed, 1917. Business cycles and agriculture. 1924. *Columbia*.
- EDWIN W. GAUMNITZ, B. S., Minnesota, 1921; A. M., 1922. Price quotations. 1925. *Minnesota*.
- JULIUS HENDEL, B. S., Cornell, 1921. The relation between the cash and future prices of wheat. 1924. *Minnesota*.
- GEORGE BRADBURY HILL, A. B., Wisconsin, 1908; A. M., Columbia, 1920. Production and prices of the principal crops of the United States. 1923. *Columbia*.
- BUDD A. HOLT, B. S., Minnesota, 1920; A. M., 1922. Organization of potato marketing. 1925. *Minnesota*.
- JOHN ABEL HOPKINS, JR., S. B., Delaware College, 1917. The depression and readjustment in agriculture in the United States in 1920-1921. *Harvard*.
- HUGH BAXTER KILLOUGH, S. B., Texas A. and M., 1916; S. M., Wisconsin, 1920. Speculative profits in agricultural products. 1924. *Columbia*.
- VIRGIL P. LEE, A. B., Texas, 1918; A. M., 1919. The need and present facilities for middle term agricultural credit. 1923. *Wisconsin*.
- T. B. MANNY, A. B., Illinois, 1918; A. M., Wisconsin, 1922. Basis of organization for farmers' associations. 1924. *Wisconsin*.
- MARK CARTER MILLS, A. B., Earlham College, 1916; A. M., Indiana, 1922. The financing of agricultural cooperative associations. 1924. *Columbia*.
- JOHN DEVASHAYAN SAVARIROYAN PAUL, A. B., University of Madras, 1916; A. M., Yale, 1921. The rise of the cotton industry in India. 1925. *Yale*.
- MARK ANSON SMITH, A. B., Dartmouth, 1910; A. M., Wisconsin, 1918. The recent history of the wool industry. *Harvard*.
- GEORGE WARD STOCKING, A. B., Texas, 1918; A. M., Columbia, 1921. Oil production and the competitive system. 1923. *Columbia*.
- CHI YU TANG, S. B., Nanking University; A. M., University of Georgia, 1921. An economic study of Chinese agriculture. 1924. *Cornell*.
- WARREN C. WAITE, B. S., Minnesota, 1919; A. M., 1921. Price making mechanism in the central market. 1924. *Minnesota*.
- REUEL CLYDE WHITE, A. B., Texas, 1917; A. M., Columbia, 1922. Land tenure in Texas. 1924. *Columbia*.
- FRED R. YODER, A. B., Lenair, 1910; A. M., North Carolina, 1915. Social aspects of farm tenancy. 1923. *Wisconsin*.

Manufacturing Industries

- JOHN ROSS BURNS BYERS, B. S., Pittsburgh, 1918; M. S., Columbia, 1920. The economics of the Portland cement industry. 1924. *Columbia*.
- WILLIAM GEORGE SUTCLIFFE, A. B., British Columbia, 1919. The United States glass and pottery industry. 1924. *Harvard*.
- ALFRED HECTOR WILLIAMS, B. S. in Econ., Pennsylvania, 1915; A. M., 1916. Certain phases of the carpet manufacturing industry. 1924. *Pennsylvania*.

Transportation and Communication

- EDWARD TAYLOR BULLOCK, A. B., Michigan, 1910; A. M., 1912. The financial aspects of highway construction. 1923. *Harvard*.
- HUGH CAMPBELL FRAME, A. B., Dalhousie, 1917; A. M., Harvard, 1920. The division of joint freight rates. 1924. *Harvard*.
- VAN BREED HART, S. B., Cornell, 1916. Farm motor trucks in New York state. 1923. *Cornell*.
- JAMES NOBLE HOLSEN, A. B., Butler, 1917; A. M., Indiana, 1920; A. M., Princeton, 1922. The transportation of wheat and flour in the United States, with special reference to the development of the rate structure. 1924. *Stanford*.
- RAYMOND HAROLD KINNEY, A. B., Oregon, 1920. Highway transportation. 1924. *Pennsylvania*.
- ROLAND LAIRD KRAMER, S. B., Pennsylvania, 1919; A. M., 1921. The history of export and import railroad rates and their effect upon the foreign trade of the United States. 1923. *Pennsylvania*.
- J. L. McDougall, A. B., Toronto, 1921. History of transportation in Canada. 1924. *Toronto*.
- JOHN HENRY MUELLER, A. B., Missouri, 1920; A. M., 1921. The automobile as a factor in community organization and disorganization. 1924. *Chicago*.
- ANDREW JACKSON NEUMAN, A. B., University of Washington, 1910; M. A., 1911. Port of San Francisco. 1924. *California*.
- MARIUS RANSON, A. B., Cincinnati, 1918. The cyclization of the railroad industry. 1924. *Columbia*.
- CLYDE L. SWEETING, A. B., Harvard, 1914; A. M., Syracuse, 1922. Relation of business cycles to transportation. 1923. *Syracuse*.
- Hsuan WANG, A. B., Syracuse, 1919; A. M., 1920. Federal regulation of railroad securities. 1924. *Columbia*.

Trade, Commerce, and Commercial Crises

- HILDING EDWARD ANDERSON, S. B., Wisconsin, 1917; A. M., 1920. The New York butter market. 1924. *Columbia*.
- GEORGE WILLIAM BROWN, A. B., Toronto, 1915. History of trade relations between Canada and the United States. 1924. *Chicago*.
- HENRY L. DEIMEL, JR., A. B., California, 1920. The Mexican market for San Francisco exporters. 1923. *Cornell*.
- WALTER RICHMOND GARDNER, A. B., Brown, 1920; A. M., 1921. The export of capital from Germany, 1890-1914. 1925. *Harvard*.
- CLARENCE I. HENDRICKSON, S. B., Wisconsin, 1918; A. M., 1921. Marketing of live stock. 1924. *Wisconsin*.
- MAURICE BECK HEXTER, A. B., Cincinnati, 1912. Certain social correlations of the business cycle. 1923. *Harvard*.
- HAROLD S. IRWIN, S. B., Iowa State, 1917; S. M., Wisconsin, 1922. The Chicago milk marketing situation. *Wisconsin*.
- MYRON SLADE KENDRICK, A. B., Missouri, 1918; A. M., 1921. The marketing of hay in the United States. 1924. *Cornell*.
- LEONARD LOGAN, A. B., Oklahoma, 1914. Relationship of agricultural cycles to business cycles. 1924. *Columbia*.

- ROBERT LOUIS MASSON, A. B., Iowa, 1912; A. M., 1915; A. M., Harvard, 1922. The international trade of Australasia. 1924. *Harvard*.
- WALTER E. PAULSON, Ph. B., Wisconsin, 1917. Marketing of cherries in Door County, Wisconsin. 1923. *Wisconsin*.
- MYERS PETER RASMUSSEN, S. B., Cornell, 1919. Methods and costs of marketing potatoes in New York state. 1924. *Cornell*.
- CHARLES FREDERICK REMER, A. B., Minnesota, 1908; A. M., Harvard, 1917. The foreign trade of China. 1923. *Harvard*.
- LYDD LORENZO SHAULIS, A. B., Harvard, 1915; M. B. A., 1921. The Boston produce market. *Harvard*.
- AMOS E. TAYLOR, A. B., Pennsylvania, 1915; A. M., Chicago, 1920. The blockade as an economic weapon—a study of neutral trade during the Great War. 1924. *Pennsylvania*.

Accounting, Business Methods, Investments and the Exchanges

- PAUL MOODY ATKINS, A. B., Yale, 1914; A. M., 1915. The business management and administration of production. 1923. *Chicago*.
- THOMAS ANDREW BARTLEY, B. S. in Econ., Pennsylvania, 1916. The economics of the office building. 1925. *Pennsylvania*.
- THEODORE N. BECKMAN, A. B., Ohio State, 1920; A. M., 1922. Wholesaling. 1924. *Ohio State*.
- F. R. CAWL, S. B., Columbia, 1914; A. M., 1917. The weight of factors which determine length of service of an individual in a given type of work. 1924. *Pennsylvania*.
- JOHN NORRIS CHARTERS, A. B., Beloit, 1921; A. M., Chicago, 1922. The financial policy of the packing industry. 1924. *Chicago*.
- EDUARDO CLAUDIO, A. B., University of the Philippines, 1912; A. M., 1915. The uses of accounting in bank management. 1924. *Columbia*.
- HERBERT B. DORAU, A. B., Lawrence, 1919; A. M., Wisconsin, 1920. Credit of public service companies. 1923. *Wisconsin*.
- KENNETH DUNCAN, A. B., Wabash, 1910; A. M., Wisconsin, 1915. Equipment obligations. 1923. *Michigan*.
- ERNEST M. FISHER, A. B., Coe, 1914; A. M., Wisconsin, 1922. Recent developments of legal problems in marketing. 1925. *Wisconsin*.
- MAURICE CLARK GORDON, A. B., Denver, 1917; A. M., 1918. State commission control of public utility accounting. 1924. *Northwestern*.
- ARTHUR WARREN HANSON, A. B., Harvard, 1912; M. B. A., 1921. The effect of inventory adjustments on the financial conditions of American industries in 1920 and 1921. 1924. *Harvard*.
- LUTHER ARMSTRONG HARR, B. S. in Econ., Pennsylvania, 1918; A. M., 1920. The economic factors involved in the formulation of the maintenance provision of the corporate mortgage of public utilities providing for the issue of bonds in series. 1923. *Pennsylvania*.
- JOSEPH ROBERT HILLGERT, A. B., State Teachers' College, 1916; A. M., Iowa, 1920. Accounting control of sales activities. 1923. *Columbia*.
- GEORGE WRIGHT HOFFMAN, A. B., Park College, 1919; A. M., Pennsylvania, 1922. A price study in milk marketing. 1924. *Pennsylvania*.

- CLARENCE ARTHUR KULP, B. S. in Econ., Pennsylvania, 1917; A. M., 1921. The discounting of dividends by the stock market. 1924. *Pennsylvania*.
- RICHARD H. LANSBURGH, B. S. in Econ., Pennsylvania, 1915; A. M., 1916. Industrial organization. 1924. *Pennsylvania*.
- AUDIE L. LYNN, A. B., Indiana, 1917; A. M., Toledo, 1919. Accounting as related to farm administration. 1924. *Chicago*.
- ELMER A. MCKAY, A. B., Missouri, 1908. The influence of retail credit granting upon types of retail agencies. 1925. *Missouri*.
- EDWARD GRAEME O'GERAN, A. B., Lawrence, 1919; A. M., 1920. Supply of natural resources and their preparation for the market. 1925. *Wisconsin*.
- HARRY JOHN OSTLUND, A. B., Ohio Wesleyan, 1918. Cost analysis for various purposes. 1924. *Chicago*.
- JAMES LINDLEY PALMER, A. B., Brown, 1919; A. M., Chicago, 1923. Legal, financial and accounting aspects of no-par value stock. 1924. *Chicago*.
- FRANK PARKER, B. S. in Econ., Pennsylvania, 1911. The cost to public utilities of obtaining money in the United States—1914-1922, inclusive. 1923. *Pennsylvania*.
- JOHN FREEMAN PYLE, Ph. B., Chicago, 1917; A. M., 1918. The market manager's use of the sales place. 1923. *Chicago*.
- WEBSTER R. ROBINSON, A. B., California, 1919. Fundamentals of business organization. 1923. *California*.
- JOHN W. SCOTT, A. B., Fairmount; A. M., Texas. The work and policies of the Federal Trade Commission. 1924. *Chicago*.
- ERNEST HUGH SHIDELER, A. B., Ottawa, 1915; A. M., Chicago, 1917. The chain store as an index of community organization. 1923. *Chicago*.
- ROBERT EMMETT TAYLOR, A. B., Michigan, 1912; A. M., 1913; LL. B., St. Louis, 1917; LL. M., 1920. Municipal accounting. 1923. *Chicago*.
- WILLARD L. THORP, A. B., Amherst, 1920; A. M., Michigan, 1921. The integration of industrial operation. 1923. *Columbia*.
- FLOYD L. VAUGHAN, A. B., Texas, 1913; A. M., 1914. Economics of patents in the United States. 1924. *Wisconsin*.
- GEORGE LLOYD WILSON, B. S. in Econ., Pennsylvania, 1921. A survey of the organization and functions of industrial traffic departments. 1925. *Pennsylvania*.
- THEODORE OTTE YNTEMA, A. B., Hope, 1921; S. M., Illinois, 1922. Classification, analysis and distribution of expenses in a business. 1924. *Chicago*.

Capital and Capitalistic Organization

- JUSTIN W. NIXON, A. B., Denison, 1905. Interlocking directorates among voluntary organizations in American cities. 1924. *Columbia*.
- ALOYSIUS FRANCIS O'DONNELL, S. B., M. I. T., 1918; A. M., California, 1922. The financial history of the Southern California Edison Company. 1923. *Chicago*.
- AUDLEY EVERETT PATTON, B. S., Illinois, 1921; M. S., 1922. Some economic aspects of public utilities. 1924. *Illinois*.
- WILLIAM HARVEY REEVES, A. B., Pennsylvania, 1916; A. M., 1919. Federal and state regulation of corporate business. 1925. *Columbia*.
- NELSON CLARK TISDEL, A. B., Missouri, 1920. Capitalization. *Harvard*.

Labor and Labor Organizations

- ARTHUR EMILE ALBRECHT, A. B., College of the City of New York, 1916; A. M., George Washington, 1917. The history and organization of the International Seamen's Union of America. 1928. *Columbia*.
- THOMAS J. ANDERSON, JR., A. B., Missouri, 1922. Employment relations in the bituminous coal industry. 1925. *Missouri*.
- EDWARD BERMAN, S. B., Teachers College, 1920; A. M., Columbia, 1921. The attitude of national administrations in labor disputes. 1923. *Columbia*.
- FRANCIS JOSEPH BOLAND, A. B., Notre Dame, 1918. The relation of wage rates to industrial depression. 1924. *Catholic University*.
- RUBEN D. CAHN, A. B., Northwestern, 1916; A. M., 1922. Wage theories in the determinations by the Railroad Labor Board. 1924. *Northwestern*.
- ROBERT A. CAMPBELL, A. B., Wisconsin, 1917. Theories of wages. 1928. *Wisconsin*.
- TSENG KWAI CHOW, B. S., Government University, Peking, China, 1918; M. S., Illinois, 1920. The shop committee system—its theory and application. 1928. *Syracuse*.
- EWAN CLAQUE, A. B., Washington, 1917; A. M., Washington, 1921. History of labor in the state of Washington. 1924. *Wisconsin*.
- JESSE D. CLARKSON, A. B., Williams, 1918; A. M., Columbia, 1920. Labor and nationalism in Ireland. 1923. *Columbia*.
- EDWARD M. COHEN, A. B., College of the City of New York, 1918; A. M., Columbia, 1921. The Independent Labor party. 1923. *Columbia*.
- WHITNEY COOMBS, A. B., Bowdoin, 1919; A. M., Columbia, 1921. The wages of unskilled labor since 1890. 1924. *Columbia*.
- MAURICE C. CROSS, A. B., Ohio State, 1915; A. M., 1920. Government control of labor disputes in railroads, public utilities and coal mines. 1923. *Ohio State*.
- WILLIAM G. ELIOT, 3d, A. B., Reed College, 1919; A. M., Harvard, 1920. Restriction of output. 1924. *Harvard*.
- WALDO E. FISHER, S. B., Columbia, 1917. Wage rates in coal mining, 1924. *Pennsylvania*.
- CHARLES BURNELL FOWLER, A. B., Indiana State Normal School, 1917; A. M., Columbia, 1920. Collective bargaining in the bituminous coal industry. 1924. *Columbia*.
- ALEXANDER FREEMAN, A. B., Manitoba, 1920; A. M., Columbia, 1921. Railroad shopmen's strike of 1922. 1924. *Columbia*.
- PAUL FLEMING GEMMILL, A. B., Swarthmore, 1917. Certain phases of the problem of promotion. 1924. *Pennsylvania*.
- ISIDOR GINSBURG, A. B., Columbia, 1918. The beginnings of the industrial unionist movement in the twentieth century British labor. 1923. *Columbia*.
- RICHARD A. GRAVES, B. A., Minnesota, 1909; A. M., Minnesota, 1912. The departments of the American Federation of Labor; a study in the evolution of unionism. 1925. *Minnesota*.
- CHARLES ADAMS GULICK, JR., A. B., Texas, 1918; A. M., 1919. History of the labor policy of the United States Steel Corporation. 1924. *Columbia*.
- HARRY ALBERT HARING, JR., A. B., Yale, 1922. The check-off in the coal industry. 1925. *Yale*.
- GEORGE D. HASKELL, A. B., Amherst, 1920. Unemployment in the construction trades. 1925. *Ohio State*.

- ALICE MAUDE HERRING, A. B., Hunter, 1917; A. M., Columbia, 1920. Labor conditions among negro women in New York City. 1925. *Columbia*.
- ALBERT FORD HINRICHS, A. B., Columbia, 1921; A. M., 1922. The United Mine Workers in non-union coal fields. 1923. *Columbia*.
- ELMO PAUL HOHMAN, A. B., Illinois, 1916; A. M., 1917; A. M., Harvard, 1920. An historical study of the American seamen: a labor problem. 1924. *Harvard*.
- CHARLES PADDOCK JOHNSON, A. B., Trinity, 1916; A. M., Princeton, 1917. Collective bargaining in the New York building trades. 1924. *Princeton*.
- ARYNESS IONE JOY, A. B., University of Washington, 1922. The organization of the professions. 1924. *Chicago*.
- SYLVIA BEATRICE KOPALD, A. B., Barnard, 1920; A. M., Columbia, 1921. The insurgent movement among the United Miners. 1923. *Columbia*.
- VINCENT WESLEY LANTEAR, A. B., Texas, 1917; A. M., 1919. Effect of the recent business cycle on the American labor movement. *Columbia*.
- HAROLD ADAMS LOGAN, A. B., Arcadia, 1912; A. B., Yale, 1913. Organized labor in Canada. 1924. *Chicago*.
- ARTHUR FLETCHER LUCAS, A. B., Bates, 1920. The minimum wage in Massachusetts. 1924. *Princeton*.
- GEORGIANA PUTNAM MCENTEE, A. B., Mt. Saint Vincent, 1918; A. M., Columbia, 1919. The labor problem and the social Catholic movement in Great Britain. 1923. *Columbia*.
- AMY LAWRENCE MARTIN, A. B., Bryn Mawr, 1915. Labor organization in the English coal industry. 1924. *Bryn Mawr*.
- ROYAL EWERT MONTGOMERY, Ph. B., Chicago, 1921; A. M., 1923. The building trades in Chicago. 1924. *Chicago*.
- EDWARD W. MOREHOUSE, A. B., Amherst, 1918; A. M., Wisconsin, 1920. Working rules in the men's clothing industry. 1924. *Wisconsin*.
- VICTOR PIERPONT MORRIS, A. B., Oregon, 1915; A. M., 1920. Oregon minimum wage law. 1923. *Columbia*.
- MICHAEL ALOYSIUS MULCAIRE, A. B., Notre Dame, 1917. The International Brotherhood of Electrical Workers. 1923. *Catholic University*.
- GLADYS PALMER, A. B., Barnard, 1917. History of collective bargaining in the lace industry. 1924. *Pennsylvania*.
- JACOB PERLMAN, A. B., Wisconsin, 1919; A. M., 1922. History of the Brotherhood of Locomotive Engineers in America. 1924. *Wisconsin*.
- DOROTHY EDITH POOR, A. B., Reed, 1920. Organization of labor among the non-train-service railway workers. 1924. *Chicago*.
- LEO ROGIN, A. B., Rutgers, 1916. The relation between farm and labor movements since the Civil War. 1924. *Columbia*.
- NATHAN SCHAVIRO, A. B., Chicago, 1914. The effect of unemployment on the policies of labor organizations. 1924. *Columbia*.
- WILLIAM FRANKLIN SPAFFORD, A. B., Rochester, 1915; A. M., Columbia, 1922. Development of the government's policy toward railroad labor. 1924. *Columbia*.
- BORIS STERN, A. B., Harvard, 1918. Works council movement in Germany. 1924. *Columbia*.
- FRANK TANNENBAUM, A. B., Columbia, 1921; A. M., 1923. The railroad labor movement in the United States. 1924. *Columbia*.
- BAYARD W. TAYLOR, B. A., Beloit, 1918. The organization of labor markets, with special reference to the Minneapolis territory. 1925. *Minnesota*.

- RENÉ E. G. VAILLANT, Bachelier ès Lettres, Lille, 1908; LL. B., LL. M., 1910-1911. Unemployment in France. 1924. *Columbia*.
- FREDERICK CORTLAND WAGNER, S. B., Columbia, 1914; A. M., 1916. Incorporation of unions. 1923. *Chicago*.
- FRANK B. WARD, A. B., Denison, 1917; A. M., Cincinnati, 1920. Wage decisions of the United States Railroad Labor Board. 1924. *Pennsylvania*.
- V. R. WERTZ, S. B., Wisconsin, 1919; S. M., 1920. Collective bargaining by agricultural groups. *Wisconsin*.
- VERTREES J. WYCKOFF, A. B., Johns Hopkins, 1920. Policies of trade unions in a period of industrial depression. 1923. *Johns Hopkins*.

Money, Prices, Credit, and Banking

- JAMES W. ANGELL, A. B., Harvard, 1918; A. M., 1921. International price levels. 1923. *Harvard*.
- ERNST H. D. ARNDT, A. B., University of South Africa, 1921. Banking in South Africa. 1923. *Columbia*.
- HAGGOTT BECKHART, A. B., Princeton, 1919; A. M., Columbia, 1920. The discount policy of the federal reserve system. 1924. *Columbia*.
- STANLEY R. BLACK, A. B., Colgate, 1921. The investments of mutual savings banks. 1924. *Johns Hopkins*.
- LINO JUAN CASTILLEJO, A. B., George Washington, 1919; A. M., 1920. Philippine currency and finance during the Spanish régime. 1924. *Princeton*.
- GEORGE H. EVANS, JR., A. B., Johns Hopkins, 1920. Federal reserve notes. 1924. *Johns Hopkins*.
- VITHAL B. GANDHI, A. B., Bombay, 1919; A. M., Columbia, 1922. Currency and exchange problems in India. 1924. *Columbia*.
- FRED L. GARLOCK, A. B., Iowa, 1920; A. M., Columbia, 1921. Rural credits in the United States. *Columbia*.
- BARTOW GRIFFISS, A. B., Johns Hopkins, 1920. The call money rate in the New York money market. 1923. *Johns Hopkins*.
- LINCOLN WITHINGTON HALL, B. S. in Econ., Pennsylvania, 1920; A. M., 1921. A study of the cyclical fluctuations occurring in the national bank system during the years 1903 to 1921. 1923. *Pennsylvania*.
- BENJAMIN S. LEVIN, A. B., Johns Hopkins, 1922. The federal farm loan system. 1925. *Johns Hopkins*.
- TSAO CHIEN LI, A. B., Michigan, 1920; A. M., Harvard, 1921. The recent history of silver and its effect on eastern exchange. 1923. *Columbia*.
- HARRY E. MILLER, A. B., Boston University, 1919; A. M., Harvard, 1920. Banking theories in the United States before 1860. 1923. *Harvard*.
- MARIAN RUBINS, A. B., Smith, 1920; A. M., Minnesota, 1922. Interest rates in the United States from 1908-1921. 1924. *Columbia*.
- FRANKLIN WINTON RYAN, A. B., Baker University, 1910. Usury and usury laws; an analysis of the effect of state statutory maximums for interest rate upon lending operations in the United States. 1923. *Harvard*.
- JOHN E. SCHIAVO, A. B., Johns Hopkins, 1919. The fluctuations of Italian exchange. 1924. *Columbia*.

- SHIRLEY DONALD SOUTHWORTH, A. B., Princeton, 1918; A. M., 1921. A history of the interest rate since 1879. 1923. *Princeton*.
- WALTER E. SPAHR, A. B., Earlham, 1914; A. M., Wisconsin, 1917. Clearings and collections of checks in the United States. 1924. *Columbia*.
- EARLE SYLVESTER SPARKS, A. B., Texas, 1919; A. M., 1920. Agricultural credit. *Harvard*.
- LELAND SPENCER, S. B., Cornell, 1918. The use of store credit by farmers. 1923. *Cornell*.
- WEN KAI TANG, A. B. Carleton, 1919; A. M., Chicago, 1920. Banking concentration in the United States. 1923. *Columbia*.
- CHARLES SANFORD TIPPETS, Litt. B., Princeton, 1916; A. M., 1922. State banks and the federal reserve system. 1923. *Princeton*.
- ALVIN SAMUEL TOSTLEBE, A. B., Iowa State Teachers College, 1916; A. M., Columbia, 1920. The Bank of North Dakota: an experiment in agrarian banking. 1924. *Columbia*.
- JOHN H. WELLENKAMP, A. B., Columbia, 1913; A. M., 1914. State banks and the collection system of the federal reserve banks. 1924. *Columbia*.
- FAITH MOORS WILLIAMS, A. B., Wellesley, 1915; A. M., Columbia, 1920. Social consequences of monetary inflation in Germany, 1914-1922. 1923. *Columbia*.
- LUCY BARTON WINSOR, A. B., Vassar, 1919; A. M., Stanford, 1921. Swindling in the sale of securities and the blue sky laws as a remedy. 1924. *Columbia*.

Public Finance, Taxation, and Tariff

- ROY C. ATKINSON, A. B., Western Reserve, 1917. One per cent tax law in Ohio. 1923. *Columbia*.
- E. C. BANCROFT, A. B., Arcadia, 1914; A. B., Yale, 1915. The financial history of Connecticut since 1861. 1924. *Yale*.
- HARRY ALVIN BARTH, A. B., Washington University, 1914; A. M., 1921. A revision of the expending system of the state of Pennsylvania, with a consideration of state budgetary procedure and state accountancy. 1923. *Pennsylvania*.
- FLOYD F. BURTCHETT, A. B., North Dakota, 1920; A. M., California, 1921. A history of the American colonial coal tax with a chapter on its theory and incidence. 1924. *Wisconsin*.
- HELEN DORIS FALKNER, A. B., Baldwin-Wallace, 1918; LL.B., Cleveland Law School, 1917. Significance of the terms capital and income under the federal tax laws. 1924. *Yale*.
- WILLIAM THOMAS HUTCHINSON, A. B., Rutgers, 1916; A. M., Columbia, 1917. A history of land grants as compensation for military service. 1924. *Chicago*.
- HIRAM L. JOME, A. B., St. Olaf, 1918; A. M., 1920. Methods of tax equalization in the various states. 1924. *Wisconsin*.
- ALBERT SAMUEL KEISTER, A. B., Otterbein, 1910; A. M., Columbia, 1911. High school text in finance. 1924. *Chicago*.
- EARLE HOYT KETCHAM, Ph. B., Chicago, 1919; A. M., Michigan, 1921. History and interpretation of the income tax amendment. 1923. *Illinois*.
- LANE W. LANCASTER, A. B., Ohio Wesleyan, 1915; A. M., Illinois, 1918. State supervision of municipal finance. 1923. *Pennsylvania*.
- TING MIEN LIU, A. B., Michigan, 1920; A. M., Ohio Wesleyan, 1921. A comparative study of the tariff systems of the powers. 1923. *Columbia*.

- AUSTIN FAULK MACDONALD, B. S. in Econ., Pennsylvania, 1920; A. M., Pennsylvania, 1921. Federal subsidies to the states. 1923. *Pennsylvania*.
- WILLIAM RUSSELL MAXWELL, A. B., Dalhousie, 1920; A. M., Harvard, 1921. The public land policy of the Dominion of Canada. 1924. *Harvard*.
- CHUNJIEN PAO, A. B., Pekin, 1919; A. M., Columbia, 1921. The business tax. 1924. *Columbia*.
- HARVEY WHITFIELD PECK, A. M., Yale, 1907; Ph. D., 1913. Contemporary fiscal theories. 1924. *Columbia*.
- HERBERT D. SIMPSON, A. B., Princeton, 1902; A. M., Princeton, 1904. The taxation of public utility corporations. 1925. *Wisconsin*.
- LOUIS EDWIN SMART, A. B., Ohio State, 1917. The inheritance tax in American commonwealths. 1925. *Ohio State*.
- JOHN MCKEE STRATTON, LL. B., Colorado, 1917. The interallied debts. 1924. *Columbia*.
- CHARLES PRESSLEY WHITE, A. B., Park College, 1920; A. M., Pennsylvania, 1922. Corporation taxation in Pennsylvania. 1924. *Pennsylvania*.
- TIEN SHON YANG, A. B., Lawrence, 1921; A. M., Columbia, 1922. Foreign restrictions on China's finance. 1923. *Columbia*.

Population and Migration

- MARCUS LEE HANSON, A. B., Iowa, 1916; A. M., 1917. The volume and distribution of immigration, 1820-1860. 1923. *Harvard*.
- CARL SMITH JOSLYN, A. B., Harvard, 1920. Immigration and the American labor market, 1880-1910. 1924. *Harvard*.
- VIVIAN KELLEMS, A. B., Oregon, 1918; A. M., 1921. Social control of population. 1924. *Columbia*.
- W. RUSSELL TYLOR, A. B., Swarthmore, 1911; A. M., Wisconsin, 1916. Natural increase in contemporary population. 1923. *Wisconsin*.

Social Problems and Reforms

- RAY E. BARBER, A. B., Campbell, 1913; A. M., Wisconsin, 1920. Changes in the size of American families in the last generation. 1923. *Wisconsin*.
- ELIZABETH FAULKNER BAKER, A. B., California, 1914. Protective legislation for women in the state of New York. 1924. *Columbia*.
- JOSEPH DUFFNER BECKER, A. B., Rountt College, 1920; A. M., Catholic University, 1921. The problem child in the home and school. 1924. *Catholic University*.
- LYOED E. BLAUCH, A. B., Goshen, 1915; A. M., Chicago, 1917. History of federal legislation for industrial education. 1923. *Chicago*.
- EMERSON O. BRADSHAW, Ph. B., Chicago, 1910; A. M., 1911. Social forces affecting the life of the industrial community. 1923. *Chicago*.
- BEULAH BELLE BRILEY, S. B., Iowa State, 1917; S. M., 1920. The economic efficiency of the single family as a household unit. 1923. *Iowa*.
- EVELYN BUCHAN, Ph. B., Chicago, 1920; A. M., 1922. A study of the distribution of girl delinquency by nationality in Chicago. 1924. *Chicago*.

- WILLIAM FISHER BYRON, S. B., Pennsylvania, 1914. Case studies of juvenile delinquents with institutional experience. 1923. *Chicago*.
- ALICE SQUIRES CHEYNEY, A. B., Vassar, 1909. A definition of social work. 1923. *Pennsylvania*.
- ROY J. COLBERT, A. B., DePauw, 1914; A. M., Wisconsin, 1922. Organization and administration of community social work agencies. 1925. *Wisconsin*.
- MARY HELEN DODD, A. B., Tufts, 1913; A. M., Columbia, 1922. The corporation schools. 1924. *Columbia*.
- WARNER E. GETTYS, A. B., Hiram, 1914; A. M., Ohio State, 1916. The Malabites: a study of degenerates. 1923. *Ohio State*.
- MIRIAM THERESA GLEASON, A. B., Minnesota, 1912; A. M., Oregon, 1916. Protective legislation for women and children. 1925. *Catholic University*.
- JACOB GREENBERG, A. B., College of the City of New York, 1904; A. M., Columbia, 1905. Psychology of revolution. 1924. *Columbia*.
- ERNEST BOVEDIN HARPER, A. B., Virginia, 1916. Socio-analysis of character. 1923. *Chicago*.
- EDITH HAWLEY, B. S., Columbia, 1919; M. A., Columbia, 1920. Mass nutrition of children. 1924. *Stanford*.
- NORMAN SYLVESTER HAYNER, A. B., Washington, 1920; A. M., Chicago, 1921. The hotel population of Chicago: an aspect of the housing problem. 1923. *Chicago*.
- MARGARET TRABUE HODGEN, B. L., California, 1913. Workers' education: history and interpretation. 1923. *California*.
- FLOYD NELSON HOUSE, A. B., Colorado, 1918; A. M., 1919. Industrial morale. 1924. *Chicago*.
- WILLIAM HENRY JONES, A. B., Washburn, 1918; A. M., Chicago, 1919; D. B., Chicago Theological seminary, 1921. Negro vice in the city of Chicago. 1923. *Chicago*.
- SAMUEL C. KINCHELOE, A. B., Drake, 1916; A. M., Chicago, 1919. The prophet. 1923. *Chicago*.
- RUSSELL R. KLETZING, A. B., Northwestern, 1914. The place of the church in the growth of the functional idea of economic distribution. 1924. *Chicago*.
- FAY BERGER KARFF, A. B., Northwestern, 1914. American social psychology. 1923. *Chicago*.
- OSWALD RUTHSAY LAVERS, A. B., Queen's, 1913; A. M., Chicago, 1920. The social significance of housing. 1923. *Chicago*.
- ANN HAROLD MARTIN, Ph. B., Chicago, 1910. The conflict myth. 1923. *Chicago*.
- ERNEST RUSSELL MOWRER, A. B., Kansas, 1918; A. M., Chicago, 1921. Family disorganization. 1923. *Chicago*.
- ELLA R. RALSTON, A. B., Hunter, 1917; A. M., New York University, 1919; LL. B., Fordham, 1921. Methods of teaching economics. 1924. *Columbia*.
- WILEY BRITTON SANDERS, A. B., Emory, 1919; A. M., 1921; A. M., North Carolina, 1921. Juvenile courts in North Carolina. 1924. *Chicago*.
- CLIFFORD RAY SHAW, A. B., Adrian, 1919. Juvenile delinquency. 1924. *Chicago*.
- JOHN ALBERT TILLEMA, A. B., Hope, 1914; A. M., Michigan, 1921. The influence of natural law on United States government and law. 1924. *Illinois*.
- EARL FISKE YOUNG, Ph. B., Chicago, 1917; A. M., 1920. Race prejudice. 1923. *Chicago*.

Insurance and Pensions

OLGA L. HALSEY, A. B., Wellesley, 1912; A. M., Wellesley, 1916. Unemployment insurance. 1924. *Wisconsin*.

HARRY JAMES LOMAN, B. S. in Econ., Pennsylvania, 1919. The insurance of foreign credits. 1923. *Pennsylvania*.

EDWARD LAURENCE McKENNA, A. B., Columbia, 1913; A. M., Illinois, 1914. Title insurance. 1923. *Pennsylvania*.

DAVID W. SHERWOOD, S. B., Union, 1921. The New York state insurance fund. 1924. *Columbia*.

Pauperism, Charities, and Relief Measures

CIPRIAN EMANUEL, O. F. M., Franciscan Seminary, St. Louis, 1918. The charities of St. Vincent de Paul. 1923. *Catholic University*.

RALPH P. HOLBEN, A. B., Franklin and Marshall, 1913; A. M., Pennsylvania. Poverty with relation to education. 1923. *Pennsylvania*.

Socialism and Co-operative Enterprises

SAMUEL BERNSTEIN, A. B., College of the City of New York, 1919; A. M., Columbia, 1920. The origins of the guild socialist movement in England. 1923. *Columbia*.

Statistics and Its Methods

OLIN WINTHROP BLACKETT, A. B., Wesleyan, 1917; A. M., 1920. A statistical study of the iron and steel industry and the business cycle. 1924. *Harvard*.

MARGARET ELLIOTT, A. B., Wellesley, 1914; A. M., Radcliffe, 1921. Occupational statistics. 1924. *Radcliffe*.

URIAH ZVI ENGELMANN, A. B., California, 1920; A. M., Columbia, 1921. A comparative study of census methods. 1924. *Columbia*.

W. W. PETROW, S. B., Kansas Agricultural; S. M., Wisconsin, 1922. Agricultural index numbers. 1924. *Wisconsin*.

EDWARD G. PUNKE, S. B., Hastings, 1916. The effects of industrial depressions on marriage and birth rates. 1923. *Pennsylvania*.

JOHN RANDOLPH RIGGLEMAN, A. B., Cornell College, 1918; M. B. A., Harvard, 1920. Graphic methods in the analysis and presentation of business statistics. 1924. *Harvard*.

JOSEPH LYONS SNIDER, A. B., Amherst, 1915; A. M., Harvard, 1918. A statistical study of wholesale commodity prices in the United States, 1866-1891. 1923. *Harvard*.

NOTES

The next annual meeting of the AMERICAN ECONOMIC ASSOCIATION will be held at Washington, D. C., December 27-29. Mr. H. B. Drury, of the Institute of Economics, 26 Jackson Place, is chairman of the committee on local arrangements.

BABSON PRIZE ESSAY COMPETITION.—Through the generosity of Mr. Roger W. Babson, founder and president of the Babson Statistical Organization, the AMERICAN ECONOMIC ASSOCIATION is enabled to conduct a prize essay competition on the subject, "The Forecasting of the Price of Wheat, or of Cotton, or of Lumber." The contestant will choose the one commodity in which he is most interested. In selecting these commodities, the donor has in mind the sectional interests: wheat should interest not only students coming from the wheat region but also those living in or near cities where considerable milling is done; cotton should appeal to students of Southern universities, as well as those in cotton manufacturing districts in New England and the Southeastern states; and lumber has a more or less universal interest, especially on account of the present building situation, but it should appeal particularly to the West Coast students.

The competition is divided into two parts: (1) a prize of \$650 is offered for the best essay produced by either an *undergraduate or graduate student* at any American university; and (2) a prize of \$400 is offered for the best essay by an *undergraduate student* at any American university.

Professor Irving Fisher, of Yale University, Professor George F. Warren, of Cornell University, and one other economist or statistician will act as judges in the contest.

The terms of the competition are as follows:

(1) All graduate and undergraduate students who are officially registered in any college or university of the United States or Canada are eligible.

(2) Manuscripts must be limited to 12,000 words, typewritten on one side of white paper, 8½x11, and double-spaced. Any number of graphic presentations may be included in the essay.

(3) The manuscript submitted must bear a pseudonym but not the author's name, and must be accompanied by an envelope containing the author's name and pseudonym.

(4) No manuscript will be returned. A copy should be retained by the writer if he or she desires to retain the composition.

(5) No information bearing on any of the subjects will be given out by the donor through the Babson Statistical Organization.

(6) All essays must be submitted to Ray B. Westerfield, the Secretary of the AMERICAN ECONOMIC ASSOCIATION, Yale Station, New Haven, Connecticut, on or before October 1, 1924.

(7) The AMERICAN ECONOMIC ASSOCIATION reserves the right to publish and copyright for its own use the essays which are awarded the prizes. In case the Association shall decide not to publish either or both of the essays it will cancel this reservation. The writers of essays which are not awarded prizes shall be free to publish them themselves.

The donor in offering this prize fund hopes to stimulate the under-

graduate and graduate students of our universities to a keener interest in statistical economics, business forecasting, and the stabilization of our economic life.

Further information in regard to the competition will be furnished by Professor Ray B. Westerfield, Secretary of the American Economic Association, Yale Station, New Haven, Connecticut.

The following names have been added to the membership of the AMERICAN ECONOMIC ASSOCIATION since May 1:

Alden, C. E., 1440 Kennedy St., N. W., Washington, D. C.
 Barkas, B. W., N. Y. State College of Agriculture, Ithaca, N. Y.
 Baumgartner, O., 4451 N. Mozart St., Chicago, Ill.
 Bouchard, G., House of Commons, Ottawa, Ontario, Can.
 Bowers, G. A., 2726 Woolworth Bldg., New York City.
 Bracewell, R. H., Burlington High School, Burlington, Ia.
 Campbell, E. D., Lenox Bldg., 1523 L. St., N. W., Washington, D. C.
 Crawford, G. L., College Station, Texas.
 Easterling, T. L., 101 Newbury St., Boston, Mass.
 Falkner, H. D., 16 Park St., New Haven, Conn.
 Filley, H. C., College of Agriculture, Lincoln, Neb.
 Gibbs, S. P., 2038 American Ave., Long Beach, Calif.
 Gillette, R. E., Vassar College, Poughkeepsie, N. Y.
 Gray, L. S., 219 Laurel St., Hartford, Conn.
 Ho, F. L., 665 Yale Station, New Haven, Conn.
 Hohman, E. P., 1200 Massachusetts Ave., Cambridge, Mass.
 Howard, C. H., P. O. Box 276, Gettysburg, Pa.
 Hubbard, F. M., 52 William St., New York City.
 Hurd, R. M., 56 Nassau St., New York City.
 Kent, R. D., 150 Boulevard, Passaic, N. J.
 Leatherman, G. A., Latham, Kans.
 McIntire, M. M., Supt. of Schools, Audubon, Ia.
 Mann, C. V., Rolla, Mo.
 Mendum, S. W., Dept. of Agriculture, Washington, D. C.
 Middleton, K. J., 933 Sixteenth Ave., North, Seattle, Wash.
 Newcomb, J. T., 304 National Savings and Trust Co., Washington, D. C.
 Pancoast, E., 5725 Kimbark Ave., Apt. 3, Chicago, Ill.
 Patton, A. C., Yale Station, New Haven, Conn.
 Persiani, C. C., Plantsville, Conn.
 Rhodes, E. E., 750 Broad St., Newark, N. J.
 Riggleman, J. R., Univ. of So. California, Los Angeles, Calif.
 Robotka, F., Iowa State College, Ames, Ia.
 Shaffer, L., 2719 Evergreen Ave., Chicago, Ill.
 Siao, S. C., National Southeastern Univ., Nanking, China.
 Sturgis, A., 523 L. St., N. W., Washington, D. C.
 Tostlebe, A. S., Columbia University, New York City.
 Uchiyama, G., Higashigata, Kuwana, Ise, Japan.
 Vaughan, L. M., Boston University, Boston, Mass.
 Vendrell, J. R., 3 Amor St., Ponce, Porto Rico.
 Vosburgh, H. S., 309 Adelphi St., Brooklyn, N. Y.
 Wallace, B. B., U. S. Tariff Commission, Washington, D. C.
 Ward, J. W., 404 Bank of Hamilton Bldg., Winnipeg, Manitoba, Can.
 Wilson, R. G., 222 Munsey Bldg., Washington, D. C.

A special meeting of the American Statistical Association was held in New York, June 8, for the discussion of "Statistics applied to problems of retail distribution in department stores."

The preliminary program of the annual meeting of the American Statistical Association to be held December 27-29, in Washington, has been issued. The general subject for discussion will be "The statistical basis for analyzing the current economic situation with the object of making forecasts of

business conditions in general and for the great groups of economic activities in the United States." Among the more specific topics to be considered are "The outlook for 1924-25 in the United States and abroad," "Trade and transportation," "Manufacture," "Building and mining," "Agriculture," and "Banking, credit, and investment."

The National Monetary Association held its annual meeting in New York, June 7. The morning session was devoted to "The problem of stabilizing price-levels," with the following speakers: Hudson B. Hastings, "Analysis of the problem"; James H. Rogers, "The problem of the control of cyclical fluctuations in the price-level compared with the problem of control of secular fluctuations"; M. C. Rorty, "The business cycle and credit control"; H. A. E. Chandler, "The administration of our excess gold fund in the interest of stabilization in Europe and America"; John R. Commons, "Control of the price-level through changes in the rate of discount and rediscount." The general subject for the afternoon was "Inflation and deflation": Henry C. Taylor, "From the farmer's viewpoint"; George Soule, "From the wage-earner's viewpoint"; John E. Rovensky, "From the viewpoint of the banker"; Jeremiah W. Jenks, "From the international viewpoint"; Robert Kuczynski, "From the viewpoint of Germany"; E. Dana Durand, "From the viewpoint of Eastern Europe." The officers elected for 1923-1924 include John R. Commons, President; H. A. Wallace, W. F. Gephart, and L. M. Morse, Vice-Presidents; John Price Jones, Executive Secretary; Waddill Catchings, Chairman of Executive Committee. A research council of nine members was elected.

Four prizes are offered by Hart Schaffner & Marx, of Chicago, for the twentieth year for the best studies in the economic field, to be submitted by June 1, 1924. Detailed information in regard to conditions and topics may be obtained from Professor J. Laurence Laughlin, University of Chicago.

An American Peace Award of \$100,000 has been offered by Edward J. Bok. Inquiries should be addressed to the Policy Committee, 342 Madison Avenue, New York City.

At a meeting of the International Eugenics Congress in September, 1921, a committee was appointed to organize the eugenics movement in the United States, consisting of Professor Irving Fisher, chairman; Dr. Charles B. Davenport, vice-chairman; Professor Henry E. Crampton, secretary-treasurer; Mr. Madison Grant, Dr. C. C. Little, Judge Harry Olson, and Dr. Henry Fairfield Osborn. The committee has formed an Advisory Council of 98 of the leading eugenicists and genetists of the United States and is now forming a Eugenics Society of the United States. Through a subcommittee consisting of Professor Crampton, Professor Roswell Johnson, Dr. Harry Laughlin, and Professor Irving Fisher, ex-officio chairman, a eugenics program has been drawn up for gradual adoption. The first problems to be considered are selective immigration and the segregation of the unfit.

At the eleventh annual meeting of the Chamber of Commerce of the United States, held in New York, May 8-11, transportation in all its phases in the United States was considered.

Among the papers read at the meeting of the Taylor Society in Syracuse,

New York, in June was one by Dr. Willford I. King on "Business cycles and unemployment."

A National Wheat Conference, called by Governor Preus of Minnesota, was held in Chicago in June, to which were invited representatives of organizations of agriculture, commerce, elevators, railroads, millers, bakers, retailers and educational bodies.

The National Association of Credit Men held a convention in Atlanta, Georgia, June 12-15.

The sixteenth annual conference of the National Tax Association will be held at White Sulphur Springs, West Virginia, September 24-28. Information may be obtained from A. E. Holcomb, secretary, 195 Broadway, New York City.

The Rand School for Social Science held its third summer session this year at Camp Tamiment, Forest Park, Pennsylvania.

The Massachusetts Conference of Social Work is to be held this year in Fall River, October 30, 31, and November 1. The program committee has selected the general subject, "Immigration and social welfare."

The National Municipal League will hold its annual meeting in Washington, D. C., November 15-17. Inquiries should be addressed to the League at 261 Broadway, New York City.

Professors R. C. McCrea and Robert M. Haig, of Columbia University, are in charge of the *Economic and Industrial Survey* of the Committee on Plan of New York and Its Environs. They are making a series of investigations of the most important economic activities of the area, primarily from the point of view of space demands. The staff assisting them includes W. J. Couper, instructor, Yale University; George Filipetti, assistant, School of Business, Columbia University; Dr. A. Ford Hinrichs, instructor, Columbia College; Professor V. W. Lanfear, Yale University; Mark C. Mills, extension teaching, Columbia University; Professor Mabel Newcomer, Vassar College; R. W. Roby, instructor, University of Rochester; B. M. Selekman, Sage Foundation, New York; Miss Henrietta Walter; Miss Faith Williams, fellow, department of economics, Columbia University; and Miss Lucy B. Winsor.

The Babson Institute at Wellesley Hills, Massachusetts, under the direction of Dr. Frederick L. Hoffman, has completed several studies of the rubber, printing, and pottery and clay industries. Progress is now being made on studies in paper and asbestos industries and the wholesale dry goods trade.

The Babson Statistical Organization in recent months has made a special study of agricultural statistics. One study which portrays the physical volume of agricultural production, indicates, first, the changes in the volume of agricultural production from year to year, and, second, the changes in the government estimate of probable production from month to month each year. The relation of these changes to price movements furnishes a basis for forecasting. This investigation is based on a ten-year moving average. Other studies pertaining to acreage, yield, and production over several decades and weather cycles, as affecting crops and acreage cycles,

are nearing completion. These studies have been made under the direction of Mr. E. G. Plowman, of the Massachusetts Institute of Technology.

This organization has also carried on an inquiry concerning the problem of setting up a budget or quota for sales. By a statistical analysis of the factors affecting purchasing power a method has been devised to forecast the sales of a given concern both in total and as distributed among various sales territories.

The Institute for Research in Land Economics and Public Utilities, Madison, Wisconsin, is issuing a monthly sheet entitled *Institute News*.

The League of Nations Non-Partisan Association (15 West Thirty-seventh St., New York City) has been organized on the basis of a clearly non-partisan platform for the purpose of cultivating such a public opinion as will induce the government of the United States to enter the League of Nations.

The National Institute of Public Administration (261 Broadway, New York City) announces a variety of courses for 1923-1924.

The twenty-first edition of the *List of Publications of the Department of Commerce Available for Distribution* has appeared under date of May 1, 1923.

The first issue of the *American Labor Monthly* appeared in May (128 West 13th St., New York City, \$3 per annum).

The Council of Agriculture, Brisbane, Queensland, has begun publication of a weekly newspaper, *The Queensland Producer*.

A volume entitled *Essays in Economic Theory*, containing twenty-four essays by the late Professor Simon N. Patten, is to be published by Alfred A. Knopf, Inc. The monographs have been selected and edited by Professor Rexford G. Tugwell, of Columbia University, and the volume will contain an appreciative introduction by Professor Henry R. Seager.

Publications under preparation or recently completed by members of the faculty of the Wharton School, University of Pennsylvania, include a textbook, *The Principles of Economics*, by Dr. Raymond T. Bye; a detailed study of the St. Lawrence navigation and power project for the Merchants Association of New York, by Dr. Emory R. Johnson, with the assistance of other members of his department; and a report for the United States Fuel Commission on the causes of strikes in the coal-mining industry, by Dr. Joseph H. Willits, assisted by Mr. W. E. Fisher.

The Coöperative League (167 West Twelfth St., New York City) has issued a brief bibliography of material on consumers' coöperation including books, pamphlets, and periodical publications.

Appointments and Resignations

Dr. George B. Arner is now with the Department of Agriculture, Bureau of Agricultural Economics, as agricultural statistician.

Mr. Edison L. Bowers has been appointed assistant in economics at the Ohio State University.

Mr. W. H. Brown has been appointed assistant professor of economics at the University of West Virginia.

Mr. Wayne E. Butterbaugh, formerly professor of business administration at Syracuse University, has been appointed director of education of the department of traffic management of LaSalle Extension University, Chicago.

Mr. Paul F. Cadman has been appointed assistant professor of economics at the University of California. He will also serve as assistant dean of men.

Dr. Harry T. Collings, professor of economics in the Wharton School, University of Pennsylvania, supervised during the summer the work of twenty-four Federal Vocational Board students from the University of Pennsylvania at the University of Mexico. He then visited Venezuela and Colombia for four weeks to study the international trade and commercial policies of those countries.

Mr. H. S. Conklin, Jr., formerly instructor in economics, has been appointed lecturer in economics at Lafayette College.

Mr. Mervyn Crobaugh, of Stanford University, has been appointed assistant professor of economics in Indiana University.

Mr. Ralph C. Epstein has resigned as instructor in economics at Northwestern University to continue his graduate work at Harvard University.

Mr. H. B. Eversole, of Illinois University, will be an instructor in economics at Indiana University this year.

Mr. Fred D. Fagg, Jr., has been appointed instructor in economics at Northwestern University.

Mr. Cornelius W. Fink, who has been assistant in economics at the Ohio State University during the past year, has been promoted to an instructorship in the same department.

Miss Marjorie Lorne Franklin, of the department of economics and politics at Bryn Mawr College, was appointed last February as economic expert on commercial treaties for the Tariff Commission.

Mr. Martin A. Gearhart, of the University of Iowa School of Commerce, has been appointed instructor in economics and social institutions in Princeton University.

Mr. L. W. Graves, of the University of California, has gone to the University of Idaho as assistant professor of economics. He will devote part of the year to teaching and the remainder to investigational work in the economic position of the basic industries of the state.

Mr. Walton H. Hamilton has resigned the Olds professorship of economics in Amherst College.

Mr. Elmo P. Hohman has been appointed instructor in economics at Northwestern University.

Mr. Frank L. Hunt, who was last year assistant in economics at the University of Illinois, has accepted a similar position at the Ohio State University for this year.

Dr. Ellsworth Huntington attended the Pan-Pacific Scientific Congress in Australia during the summer, as delegate from Yale University.

Mr. Henry F. James has been promoted to the rank of assistant professor of geography and industry in the Wharton School, University of Pennsylvania.

Dr. Thomas L. Kibler, professor of business administration for the past three years at the University of Washington, Seattle, has been elected as professor of economics at the University of North Carolina, beginning with the fall quarter.

Dr. E. A. Kincaid, associate professor of economics at the University of Virginia, taught at the summer session of the University of California.

Dr. Charles K. Knight, of the Wharton School, University of Pennsylvania, has been promoted to the rank of professor of insurance.

Dr. Roland L. Kramer, of the Wharton School, University of Pennsylvania, has been promoted to an assistant professorship of commerce and transportation.

Mr. Clarence A. Kulp, of the Wharton School, University of Pennsylvania, has been promoted to an assistant professorship of insurance.

Mr. Jeremiah Lockwood has been promoted to be assistant professor of accounting in the Wharton School, University of Pennsylvania.

Professor Harley L. Lutz has resigned his position as head of the department of economics at Oberlin College to accept an appointment to a professorship of economics at Leland Stanford Jr. University.

Mr. John J. Maginnis, instructor in agricultural economics at the Massachusetts Agricultural College, has resigned to accept a commercial position.

Dr. H. H. Maynard has resigned his position at the State College of Washington to accept a place as professor of business organization at Ohio State University, where he will work in the field of marketing.

Professor James E. Moffat, of Indiana University, has been given leave of absence during 1923-1924 for study abroad.

Dr. Charles S. Morgan has resigned from the Interstate Commerce Commission to accept a position on the staff of the Institute of Economics.

Mr. Loyle A. Morrison has been appointed instructor in the department of economics and social institutions in Princeton University.

Mr. A. H. Mowbray, for several years actuary of the National Council of Workmen's Compensation Insurance in New York, has been appointed associate professor of insurance at the University of California.

Mr. Walter F. Muhlbach has resigned his position as instructor in finance at the University of Cincinnati and has accepted a similar position at Ohio Wesleyan University.

Mr. Carl A. Naether, formerly of the University of Michigan, has been appointed assistant professor at the University of Southern California, where he will conduct courses in business correspondence and salesmanship.

Dr. Milton N. Nelson, of the University of Illinois, has accepted a position as assistant professor of business organization in the College of Commerce, Ohio State University.

Mr. Towne Joseph Nylander, who has been assistant in economics in the University of California, has been appointed instructor in economics and social institutions in Princeton University.

Dr. Ralph L. Power, associate professor of economics and commerce in

the University of Southern California, has resigned to become director of the new Pasadena Glen School for Boys. Dr. Power will continue at Southwestern University as professorial lecturer in commerce.

Dr. James Harvey Rogers, of the economics department of Cornell University, has been appointed professor of economics at the University of Missouri.

Mr. Louis Edwin Smart, formerly assistant, has been made instructor in economics at the Ohio State University.

Miss Lucy W. Stebbins has been advanced from associate professor to professor of social economics at the University of California. She will also serve as dean of women.

Dr. W. H. Steiner, formerly acting chief of the division of analysis and research of the Federal Reserve Board, has been appointed assistant professor in the School of Business and Civic Administration of the College of the City of New York, and will conduct courses in banking and finance. He continues to serve as economist of the National Association of Mutual Savings Banks.

Miss Helen Louise Stitt has been appointed assistant in economics at the Ohio State University.

Mr. Charles M. Strong, who has been carrying courses in marketing, economics, and ocean transportation at Boston University, College of Business Administration, has been promoted from assistant to associate professor.

Dr. W. Russell Tylor has been appointed assistant professor in sociology and economics at Knox College, Galesburg, Illinois.

Professor U. G. Weatherly, of Indiana University, taught in the summer session at Cornell University.

Professor Roger H. Wells, of Harvard University, has been appointed associate in economics in the department of economics and politics at Bryn Mawr College.

Mr. Virgil Willet has been promoted from an assistantship to an instructorship in economics at the Ohio State University.

Professor N. R. Whitney has been granted a year's leave of absence by the University of Cincinnati to carry on research work for the Proctor and Gamble Company.

Professor A. B. Wolfe, who has for the last nine years been head of the department of economics and sociology at the University of Texas, has accepted a position as professor of economics at the Ohio State University, where his special field of work will be economic theory.

Dr. Donald R. Young, of the Wharton School, University of Pennsylvania, has been promoted to be assistant professor of sociology.

Mr. Hubert W. Yount has been made instructor in agricultural economics at Massachusetts Agricultural College.

Mr. Cullen Caswell Zimmerman, who was last year an instructor in economics at the University of Missouri, has been made an assistant professor at that university.

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CURRENCY INFLATION IN EASTERN EUROPE WITH SPECIAL REFERENCE TO POLAND

Not one of the countries of Eastern Europe has escaped a great depreciation of its currency. In those which stand best—Czechoslovakia and Finland—the present exchange value of the paper money is only from one sixth to one tenth of par. In Poland it takes some hundreds of thousands of marks to equal a dollar. The Russians have lopped off six ciphers from their notes, but the “1923 rouble” is still far too small a unit for practical convenience.

Nevertheless the currency situation is by no means hopeless. In Finland, Latvia, Esthonia, Lithuania and Czechoslovakia the issue of new paper money ceased some little time ago, and that through the efforts of the people themselves with little or no aid from foreign loans. The cessation of inflation in Austria has been accomplished only by outside aid, but there is reason to hope that the stabilization of her crown can be kept permanent through local measures. Most of the other countries of Eastern Europe could do as well as their neighbors if they would only set themselves seriously about it. The pace of inflation in Rumania, Bulgaria, and Yugoslavia has already been greatly slowed down. In any case, on account of the primarily agricultural character of most of Eastern Europe, currency depreciation has not had such serious effects as in industrialized Germany. In the face of it almost all of the countries have made real progress toward recovery from the terrific consequences of war.

Of all countries of Europe, Poland offers the most interesting field for study of currency depreciation. The inflation is still going on there, faster indeed than ever. Moreover depreciation in Poland is, as it were, pure and undefiled; its effects can be studied independently, in large measure, of other abnormal and complicating factors. Unlike Austria, whose curtailed resources are scarcely adequate to support its huge capital but which in its orphanage has been fostered by its former enemies; unlike Germany, Hungary and Bulgaria, which lie under the overhanging cloud of reparations; unlike Greece, which has just emerged from war defeated, Poland has well-balanced and sufficient resources, is subject to no extraordinary financial burdens, and has been for fully three years at peace. The extraordinary expenses

entailed by the war with Soviet Russia explain, even if they do not justify, the inflation of the first two years of Poland's independence. Since then, however, there has been little excuse for continuing vast paper money issues—perhaps the only excuse lies in the difficulty of gaining any foothold on the steep and glassy slope when once the sliding process has begun.

The Vitality of Fiat Currency

After all, the most striking fact brought out by the currency experience of all Eastern Europe is that paper money continues to circulate fairly generally despite any degree of depreciation it may suffer, and for that reason a country is not literally forced to quit printing it because of its uselessness. This extraordinary vitality of paper money belies many of the prophecies, but it is really only a natural thing. If notes still pass when they have dropped to the tenth of their original buying power, why not, after all, when they have reached the hundredth or the ten-thousandth part of their former value. Each given stage may be considered a new starting point. He to whom currency is tendered thinks not of its value a year or a month ago, but of its value today and its probable value next week or next month. The degree to which depreciation checks the use of paper money depends upon the speed with which it is being put forth, not on the lowness of the value already reached.

Moreover the question whether paper money will ever be redeemed, at par or any other figure, has very little to do with its circulation. Broadly speaking people give thought to the political and financial position of the government issuing the currency not as affecting its ultimate redeemability but only as affecting the probable rate of future emissions. The money circulates not because of promises it carries, not because it is legal tender, but because it is the customary medium of exchange and any medium is better than barter.

When the writer was in Kief in 1920, during the short interval when the Poles occupied the city, there were five kinds of currency in circulation—Polish marks, Czar roubles or counterfeits of them issued by the soviets, soviet roubles, the “karbovanci” issued by the then existing Ukrainian government of Petlura, and the “grivni” issued by that ephemeral Ukrainian government of Skoropadsky which the Germans had set up in 1917. This government was many times buried. Soviets, Denikin, Petlura and the Poles had all ruled—some of them two or more times—in Kief after its demise. Yet of all these currencies the most popular—especially after the bolshevik army had surrounded the city and Polish prestige there was rapidly waning—was the grivni. Presumably the explanation lies chiefly in the fact that it was the most

familiar among the peasants, but one cannot help believing that one reason lay in the very extinctness of the government issuing this currency—it could not, like the others, print any more! Certainly confidence in the redeemability of the grivni had absolutely nothing to do with its acceptance.

Relation of Prices to Volume of Currency

While currency continues to circulate even when issues reach astronomical figures, its use is, of course, materially affected. The inflation however, puts two quite opposing forces at work. On the one hand, people tend to pass paper money on as fast as possible, in order that it may not lose value in their hands. Hoarding of currency virtually ceases, even in countries where the stocking was once the chief bank. In some cases the aversion to holding currency results in resort to barter, but nowhere, as far as can be ascertained, has barter become the predominant method of exchange. This hastening of the flow of money tends to cause prices to outstrip the increase in the quantity of currency in circulation. On the other hand, the fact that currency is falling in value cuts down bank deposits and consequently the use of checks as means of payment. It also cuts down charge accounts and other credit arrangements by which a whole series of purchases can be settled at one time with a minimum use of currency. These changes go toward throwing a greater burden on the money itself and thus toward holding down prices.

Which of these opposing forces would have got the upper hand in a given country, had other conditions remained unchanged while depreciation was going on, can never be known. Probably the former in most of the countries. But other conditions were not unchanged. Above all was the relation of prices to volume of currency affected by the fall in production, and especially in sales of commodities, which came with the war and its aftermath. Agriculture is the basic industry of Eastern Europe. Even in normal times a very much larger proportion of the agricultural products of this region are consumed on the farm or in the local community, than is the case in America. The proportion entering markets and requiring the use of currency is relatively small. With the decline in the production of these commodities the proportion entering the market declined still more. This cutting down of marketed output naturally boosted prices and may readily have been a more important factor in doing so than the hastening of the flow of currency.

It is difficult to determine, for any given country of Eastern Europe, just what change has taken place as compared with pre-war times in the relation between the level of prices and the volume of currency.

The chief hindrance lies in the changes in national boundaries, which make it impossible to know at all closely how much money was formerly in use in countries as they now exist. Such approximate data as are available indicate that, especially during the earlier stages of inflation, the rise of prices decidedly outstripped the increase of currency. Naturally this difference in pace tended gradually to become less marked. In Poland the growth in production during the past two or three years has largely offset any added disposition to pass on money rapidly. Not wholly so however, for, as compared with January, 1921, the volume of currency outstanding in April, 1923, had multiplied 39 fold, while retail prices had multiplied 54 times.

The experience of Poland, as well as that of several other Eastern European countries which have been studied, shows that, while inflation is actively proceeding, price movements manifest during short-time periods much greater departures from their general trend than changes in the volume of currency. Prices in Poland have actually declined at times, although paper money was increasing during each and every month; at other times prices have increased much faster than currency. These cyclical price movements have been sharper and of shorter duration than is common in countries with more stable currency. They are due chiefly to variations—sometimes sudden variations—in public opinion as to the future of the currency.

For example, in October, 1921, the Polish Finance Minister Michalski announced a new and fairly vigorous policy of taxation. The people began to count in advance on a reduction in the activity of the printing presses which was actually achieved only in the spring of 1922. Prices, which had been sky-rocketing during the summer, declined for a month or two and then remained virtually stationary for some months. As a natural reaction, when the belated check on emissions actually arrived, prices for some time outstripped currency issues. The still more extraordinary price movements since the middle of 1922 may best be described in another connection.

Not only are sharp cyclical movements in the general level of prices thus brought about by currency inflation, but comparison of more detailed statistics in Poland shows that there is a tendency toward somewhat greater variation in the relationship between prices of different commodities, and between those in different cities, than would probably occur in a normal currency situation.

It is a familiar fact that in countries where currency is fairly stable the movements of wholesale prices usually precede those of retail prices, and take on a greater amplitude. The same phenomenon appears in Poland and other countries suffering from inflation, but it is not clear that the difference between wholesale and retail price movements is any more marked than in countries with normal currency conditions.

Wages and Cost of Living

Especially interesting is the question of wages. Just as in countries with more stable currency, so in those undergoing inflation, wages, and more especially salaries, tend to lag behind rising prices. In Poland, at any rate, this tendency has been scarcely, and perhaps not at all, more marked than in countries where price advances are slower and due to more normal causes. In a way the very conspicuousness of price jumps makes it easier for the wage or salary earner to prove his need of increased pay.

In comparing current with pre-war wages in Eastern Europe it must be borne in mind that there have been decided changes affecting wages apart from currency inflation. The fact that the total production of commodities was less tended to bring down real wages. On the other hand the working classes came out of the war better organized and stronger politically than they entered it. Everywhere they have gained the equal ballot. It is quite possible that a lower real wage may represent a larger fraction of the output of industry than before the war. Just what influence currency inflation has played among these conflicting factors cannot be determined with any certainty.

There is no general index of wages in Poland. A recent official publication gave comparisons between 1914 and December, 1921, for sixteen classes of wage-earners, fairly typical in character. Between these two dates the cost of living in Warsaw, in terms of paper money, had multiplied 467 fold. The advance in wages for these sixteen classes of wage-earners ranged from 274 to 744 fold, and in eleven cases was greater than that in the cost of living. It should be noted, however, that the cost of living of a workingman's family in Poland has risen much less than the level of commodity prices, chiefly by reason of the fact that rent of dwelling, formerly constituting about a fifth of the total budget, has been artificially held down until it has become a fraction of one per cent of the total.

Somewhat more precise data are available for short-time comparisons of wages and cost of living since the war. For example, among eighteen classes of wage-earners, twelve increased their wages during the course of the year 1921 by more than the increase in the cost of living. Similar figures for the period from January to October, 1922, show that wages kept up fairly with living costs. It is a striking fact that throughout the years since the war, labor disturbances have been comparatively unimportant; there has been nothing comparable with the great strikes in England or with the coal strike of 1922 in our own country.

It goes without saying that in countries where prices are rising by leaps and bounds, great public attention is devoted to cost-of-living

statistics. In a number of industries in Poland it has become customary to enter into contracts by which employers bind themselves to advance wages *pari passu* with the officially reported index of living costs. The government has long pursued the same policy with respect to its employees.

Investments, Savings, and Credit

There is little need to stress the seriousness of the blow which currency inflation deals to investments, savings, and credit. In a primarily agricultural country, however, the shock is less severe than in a highly industrial country like Germany.

Bonds, mortgages, and other long-term evidences of indebtedness in Poland have been practically wiped out altogether. The number of persons dependent on such securities for their income was comparatively small in Poland, however. Moreover, unjust as this process may be to the holders of securities, it can hardly be regarded as an un-mixed evil from the point of view of the general progress of the country. It relieves the active producers at the expense of the inactive investors. As already stated, rents in cities have also been held down artificially by government decree, so that owners of dwelling houses have suffered almost as much as security holders. What they have lost the working classes have gained, and this has been one of the influences in preventing labor unrest.

Currency inflation no doubt lessens greatly the accumulation of new capital. A considerable fraction of the savings which normally go to build up capital are made by persons seeking a safe investment at a fixed rate of return. Naturally these investments lose their attractiveness. The only securities which are in any demand are stocks of corporations, and these appeal only to a limited number. Such savings as take place are chiefly by corporations themselves and by active producers who put surplus earnings into the expansion of their own business.

It is of course impossible to measure the effect of currency depreciation in checking savings. The capacity of Eastern European countries to save would have been much less after than before the war in any case. In Poland there is reason to believe that on the whole the amount of capital employed in industry has increased slightly since the armistice, though there has been a tendency to let plant and machinery depreciate so long as they would work at all efficiently, and to devote any available new capital to rehabilitating direct war damage. The need for long-term loans for the rehabilitation of the agricultural property destroyed during the war has in some small measure been met by government advances.

From the standpoint of manufacturing and mining industry and of commerce the most serious effect of currency inflation lies in the weakening—one may almost say the destruction—of ordinary commercial credit. Bank loans fall to an absolute minimum. For example, 19 of the leading commercial banks of Poland—comprising over half of the banking business of the country apart from that of the State Bank—reported on December 31, 1922, individual deposits of only 55 billion marks. This sum was equal at the rate of exchange at that time to only about 3 million dollars, and even on the basis of the internal buying power of currency it would be reckoned at less than twice that amount in dollars. This figure of deposits was less than half as great as the amount of new paper currency issued by the government during December. The loans of these banks are of course correspondingly insignificant.

In every country where the process of currency inflation is going on, one hears many complaints of the shortage of currency. It is often seriously urged that the government should print more paper money simply because the high level of prices demands it. Of course the printing of more money would not give the slightest relief, since the real trouble is shortage of credit.

In the same way, currency inflation reduces greatly the volume of sales on credit. The whole business community, in fact, goes over primarily to a cash basis. Unquestionably this great reduction of credit transactions lessens the production of commodities and checks their flow from hand to hand. Nevertheless the commercial community learns to adapt itself to this method of conducting affairs, and gets along after a fairly satisfactory fashion.

The demand for short-term credit in Poland has been met in some measure by government loans. Until recently the method of handling these loans was such as to involve a virtual subsidy to industry. The interest charges of the State Bank were insufficient to cover the depreciation of the currency between the time of lending and the time of payment. The subsidy feature of these loans was indeed a more important aid to industry than the mere securing of credit. The burden of the subsidy was currently borne by the general public of the country, by reason of the increased pace of price inflation necessitated by the paper issues out of which these loans were advanced. There is something to be said in defense of this policy under the circumstances. It tended to keep manufacturing industry busy, and urban labor employed. It put the economic strength of the entire population behind the weakest point in the line. It probably helped in considerable measure toward that marked recovery in industry which has taken place in Poland during the last three of four years. The recent change in the basis of these government loans is described later.

Relation of Exchange to Internal Buying Power

One of the most discussed aspects of currency depreciation is the relation between the internal value of money, as expressed by the price level, and its value in exchange for foreign currency, especially for "sound currency." The only practicable method of determining this relation statistically is by the use of general index numbers of prices and of exchange. Comparison of prices of specific commodities or services is not sufficiently precise, nor sufficiently comprehensive. The index number for exchange at a given post-war date is computed in comparison with par, or with the exchange rate before the war. This index is compared with the index numbers of the prices of commodities in the two countries, calculated on a pre-war base. It is essential, of course, to take account of the movement of prices in the "sound money" country as well as in that with depreciated currency.¹ This procedure naturally does not take into account any difference which may have existed between the buying power of money in the two countries before the war; it is a method of comparing changes in buying power only. However, it is precisely these changes which are of interest.

Using this method for Poland, it appears, as might have been expected, that the internal value of the Polish mark has fallen much less than its value in exchange for dollars. Employing an elliptical expression, its value at home has at all times since the war been much greater than its value in the United States. The ratio has averaged about 1.8 to 1, or nearly double. The ratio has fluctuated between a maximum of about $2\frac{1}{2}$ to 1 and a minimum of about $1\frac{1}{5}$.

Exchange rates vary more sharply than prices in countries with rapidly depreciating currency. This is especially noteworthy in day-to-day fluctuations, but it sometimes appears conspicuously over periods of weeks or even months. There was a time in the latter part of 1921 when the exchange value of the Polish mark, for dollars, was actually rising materially, while internal prices were about stationary. On the other hand, during the third quarter of 1922 exchange fell much more rapidly than internal prices rose. From November to May the

¹The procedure may be illustrated thus: The average exchange rate of the Polish mark during the first quarter of 1921 was 767 to the dollar. Par being 4.2 marks per dollar, the index number for exchange was 18,300 ($767 \div 4.2 \times 100$). The index number for prices (retail—the wholesale index being about the same) during the quarter, taking 1914 as 100, was 24,700. However in the United States the prices during the first quarter of 1921 were 1.62 times higher than before the war. The relative index for Polish prices as compared with American prices is thus $24,700 \div 1.62$, or 15,200. The ratio of the internal value of Polish currency to its exchange value for dollars was thus as 18,300: 15,200 or as 1.20 to 1. Were it not for the rise in prices in the United States the buying power of the mark in Poland at the time would have been less than its buying power in the United States, the ratio being 18,300: 24,700. The ratio at this period was the lowest at any time since the armistice.

prices and exchange movements were fairly parallel, prices on the whole having risen somewhat more than exchange fell. During June, in sympathy with the break in the German mark, the Polish exchange fell enormously, far outstripping the rise in prices. During July and August the movements were again more nearly parallel. These variations in the relation between the internal and the foreign value of the currency are due largely to the fact that changes in public sentiment with regard to the future of the currency are reflected more quickly upon the central bourses in which exchange is bought and sold than upon the considerable range of commodities which enter the general price index. Certain of the abnormal exchange movements in Poland also have been attributable to direct interference of the government in the exchange market.

The experience of other countries with rapidly falling currency, as regards the relation of internal to exchange value of money, has been substantially similar to that of Poland. For example, the money of Rumania and Bulgaria has at most times since the end of the war been worth considerably more at home than in exchange for dollars, and in both the exchange has been subject to the sharper fluctuations. On the other hand when Czechoslovakia and Finland succeeded in stopping their printing presses—the former even in reducing the outstanding currency some twenty per cent—the exchange value of their currency rose rapidly while prices at home remained stationary or fell but little, so that an approximate equilibrium between the domestic and foreign value of the money was soon established. It may be noted that the effect of this rather sudden reversal of relations—especially in the case of Czechoslovakia—was by no means pleasing to the business community. It checked exports and invited imports of goods competing with home producers.

Depreciation and Foreign Trade

What has been the effect upon Poland's foreign trade of the excess of the internal over the external value of its currency? Apparently by no means so important as some of the theorists had prophesied. Poland has quite steadily increased her imports in the face of the currency situation. Naturally the import of unnecessary goods has been checked, partly by their expensiveness in terms of Polish money, partly by direct restrictions of government aimed to strengthen the exchange. Those foreign goods, however, which Poland has to have to keep her industries going and to supply essential needs of her people have been imported in no mean volume. The imports of the first half of 1923 were valued at \$110,000,000 (converting at exchange rates). Exchange transactions are, after all, only machinery; the driving

forces of importation are need for goods and means with which to pay. Poland's exports, which since the annexation of Polish Silesia have equalled if not exceeded the imports (\$116,000,000 during the first half of 1923) together with the large emigrant remittances from the United States, have furnished the means to pay. It is specially noteworthy that, except during the last few months, Poland has steadily increased her imports of cotton from sound-money America, the imports finally reaching a point in excess of those before the war and representing about one eighth of the total imports in value.

The sharp fluctuations in exchange—or more strictly in the relation between exchange and internal prices—do more to hamper imports than the low level of exchange in itself. It is chiefly by reason of these fluctuations that credit transactions in import trade are largely eliminated. Such credit deals as are made are based on foreign currency; the Polish cotton mills have been able to buy a considerable part of their requirements in this way. The fluctuations in exchange also make it risky for foreigners to carry consignment stocks in Poland. In general they tend to necessitate a hand to mouth conduct of business.

As regards the effect of currency depreciation on Poland's exports, there is little clear evidence that she has gained much through that ability to undersell competitors in sounder-money countries, of which some writers have made so much. Like so many other countries whose currency has gone bad, Poland since the war has had difficulty to produce enough goods to supply her own needs, and has had less than normal to export at any price. The advantage in competition has been confined to a limited number of commodities in which labor constitutes a large fraction of cost and in which imported materials play no great part. Poland's exports have been mainly of goods which "sell themselves"—of raw materials and partly finished products—though of late there has been considerable exportation of textiles. The growth of Poland's exports must be attributed chiefly to the gradual recovery of industry, rather than to advantage in competition arising from the currency situation.

Recent Developments in Poland

Had the present article been written some months ago, the summary as to the Polish currency situation up to that time would have been somewhat as follows: Depreciation had hampered but by no means prevented the recovery of production and of trade. Its effects had been, on the whole, less serious than had been generally expected. Agriculture, the most important industry of all, had been affected but little by the currency situation. Year by year more land had been planted, until the area cultivated in 1922 was nearly nine tenths of normal (and

still more was planted in 1923). Manufacturing and mining industries had made marked strides toward recovery. In Poland proper—as distinguished from Polish Silesia annexed in the middle of 1922—coal production last year was above that of 1913. The textile industry, by far the most important manufacture, had reached almost its pre-war output. Employers had encountered little difficulty with labor, and the working classes had seen their pay rise in fair parallel with the cost of living. Foreign trade had shown a decided measure of growth.

However, the spring and summer of 1923 have witnessed a severe industrial depression in Poland, and in considerable measure this was an outgrowth of the currency inflation. The tax measures of Michalski, above mentioned, had been of a temporary character only, and from the middle of 1922 government expenditures began to run far ahead of revenue; paper money issues piled up rapidly. All through the summer of 1922 a cabinet crisis prevailed; the cabinet finally formed considered itself provisional only pending the November elections. These elections for some months brought no stability to the political situation. The whole situation was such as to undermine confidence in the future of the currency.

Prices in consequence rose with unprecedented swiftness. They far outstripped even the floods of new paper money. People rushed to put their money into something stable—into goods or into foreign exchange or foreign securities. This peculiar form of speculation had pretty much the same effect as speculation for a rise in prices in a country with “stable” currency. It led to overproduction, or at any rate to an overstocking of merchants’ shelves. Meantime the government for some time continued its previous policy of helping industry out by means of loans which amounted to subsidies, and which enabled it to go on expending when the part of prudence would have been to reef sail.

The reaction was inevitable. The gradual building up of manufacturing industry had given place to a mushroom activity. Just as in ordinary commercial cycles, even had there been no special contributing causes, reversion of public sentiment would soon have led to depression. But the break was hastened by two new factors. In the first place the government began to get its feet on the ground, to show signs of stability, and to put forth proposals looking to a gradual sanification of the finances. The Finance Minister announced a new program of retrenchment and of increased taxation—a program which has since, after several months of delay, been in part enacted into law. The public began to count on a prompt reduction in the rate of currency emissions—a confidence which proved ill-founded, but which brought with it a reduction in that abnormal demand for goods which had characterized the previous months, and tended toward business de-

pression. At the same time the government changed its policy regarding loans to industry; in general it cut out the subsidy feature by the interesting device of expressing advances in terms of a theoretical sound currency. This was a necessary step toward checking inflation, but the effect of its sudden application was naturally severe upon industry and commerce.

During January and February, when the distrust in the currency had reached its highest point, prices had increased more than two and half fold. During March and April, although the volume of currency outstanding greatly increased, prices rose very slowly, which meant a considerable fall in real returns. The prices of some commodities even fell in terms of marks. Demand for goods fell off with great suddenness. Stocks on merchants' shelves remained unsalable. Speculation was shaken out. Manufacturers had to go on part time, or close down entirely.

Fortunately for employers, most of them had refused, during January and February, when prices were soaring, to follow the usual custom of raising wages to the full extent of the advance in living costs. Consequently they did not have to lower wages when the depression came, and on the other hand labor, recognizing the crisis, did not push demands for wage advances.

The industrial depression in Poland has continued down to the present time (October 1, 1923), although there have been, during the past few months, further marked changes in the currency and exchange situation. The Diet failed to act promptly on the recommendations for increasing taxation, although finally during the summer an important measure was passed which will go into effect at the beginning of 1924. Meantime the printing presses have been turning out marks faster than ever. During August, the amount of paper money outstanding was increased more than 50 per cent, and at the end of the month was more than 17 times greater than it had been 12 months previously, standing at nearly 7 trillions of marks. While both the fall of exchange and the rise of domestic prices from February to May were at a comparatively moderate pace, there was an astonishing break in June. In the course of a week or two, the number of marks necessary to buy a dollar rose from around 50,000 to 140,000. The wholesale price index for June was 67 per cent higher than for May. The government suddenly introduced most stringent measures for controlling trade and exchange, going so far for a short time as to make it almost impossible to effect payments even for imports already delivered. These measures checked temporarily the fall of exchange rates—though unofficial transactions were made at rates far lower than the official figures. The government was soon, however, forced by public opinion to abandon these excessive measures and even official

exchange rates again fell with great rapidity, so that at the end of August it took 14 times as many marks to buy a dollar as at the beginning of January, the rate being 250,000.

The people now see that until the new tax measures go into effect at the beginning of 1924, the printing of paper currency will have to continue at a galloping pace and there is naturally no attempt to discount so long in advance a slackening of the rate of fall in exchange which may then be anticipated. At latest reports, the Polish textile industry, which is more affected than any other important industry by disturbances in exchange conditions, was operating at about half time. The general policy of the mill owners recently has been to buy raw cotton only after they have accumulated foreign currency with which to pay, such accumulations being derived chiefly by exports of finished textiles.

The recent industrial depression in Poland has been in part a penalty of inflation, though it might have occurred perhaps in any case. In judging its significance, it should be borne in mind that this is the first real set-back which Polish industry has encountered since the war and that almost every country, however sound its currency, has experienced more or less grave depression at times, or continuously, during that period. The crisis in Poland has not been more severe than those from which a good many other countries have suffered. That it has not been more severe is probably attributable largely to the fact that manufacturing industry is not the major factor in Polish economic life, the country being primarily agricultural. Several of the barometers which reflect economic tendencies have shown little disturbance even during the present year. The number of cars loaded on the Polish railroads (not counting Polish Silesia) during the second quarter of 1923, when the depression in manufacturing industry was at its height, was appreciably greater than in the corresponding period of 1922, and during July and August the car loadings were nearly at maximum figures. Coal production both in Poland proper and in Polish Silesia has continued practically without change. Even imports and exports in the aggregate have kept up well. Back of this stability in activity along these lines has been the appreciable increase in the acreage planted to crops and the prospects of an excellent yield, since fully realized.

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41, 42.

Resort to a Theoretical Stable Currency

The resort to a theoretical sound currency, to which reference has been made, is a very interesting development in Poland. Long ago the Poles determined that, in due time, they would have a currency unit of their own to replace the mark which they had inherited from the German occupation. This unit is to be the same in value as the gold

franc, and is to be called "zloty," which means the "gold." At intervals for some time past they have contemplated the immediate introduction of new paper money of this denomination, but the more thoughtful pointed out that it was useless to make a change until the budget was balanced so that the printing of notes to cover government deficit could be stopped. However, the habit of thinking for certain purposes in terms of "zloty" gradually became established. The government, recognizing that the inevitable continuance of inflation would make budget estimates in terms of marks impossible of realization, began early in 1922 to express them in—at least to translate them into—terms of zloty.

Naturally this conception of a stable measure of value has begun to enter into credit transactions. Already before any debts were expressed in terms of zloty there had been various time transactions in which obligations were expressed in something other than Polish marks—in foreign currency, or in terms of some commodity. Of late the practice has taken on wider proportions and more definite form. Private banks, in some cases, carry deposits and make loans in zloty. As already stated, the State Bank now makes its loans mostly in that way. Last fall the government began the sale of bonds payable partly in zloty and partly in Polish marks.¹ This spring short-term notes to a considerable amount were issued exclusively on the zloty basis.

The use of the zloty in credit contracts means simply that, when a given number of marks are loaned their equivalent in zloty is calculated, and the borrower agrees to repay a sufficient number of marks to equal the same number of zloty. The relation between the mark and the zloty is now usually calculated by the use of the index number of wholesale prices. Two or three other methods are sometimes employed—the exchange value of the mark for the Swiss franc, the price of rye or of some specified combination of staples, or a mean between the exchange for Swiss francs and some commodity price or prices.

How well this resort to a theoretical currency will work it is yet too early to forecast. It may serve in considerable measure to reestablish credit, which could never have been accomplished by means of obligations expressed in a rapidly depreciating money unit.

As far as I am aware, Poland is the only country except Russia

¹The method was to accept in payment for a single bond a fixed and unchanging number of Polish marks, plus another variable number calculated as the equivalent of a specified number of zloty, this number being based, nominally, on the exchange rate of marks for Swiss francs. As a matter of fact, in order to make the bonds more attractive, the price was fixed at a smaller number of marks than corresponded to the actual exchange rate. The bonds are repayable on the same principle. The total amount which the government was able to sell was comparatively small, as is indicated by the fact that the issue of paper money continued practically without diminution.

in which systematic resort to a theoretical currency has occurred. In Soviet Russia the method has been tried in a variety of ways, and with little success—at least until recently—but Russian economic life is upturned by so many other factors besides currency depreciation that experience in this respect has little evidential value.

Prospects for Currency Sanification

The direction in which an ultimate remedy for the Polish currency situation must be sought is fairly clear. As economists seem pretty generally to agree, a country in such a plight should not seek to reduce greatly, if at all, the volume of paper money outstanding. To do so would entail far too heavy a burden on the government treasury, would work great injustice to those who have borrowed money already greatly depreciated, would do little to remedy the injustice done to pre-war creditors, would cause serious labor difficulties, and would gravely disturb foreign trade. To stop for good and all the printing of paper money, and to stabilize it at the then existing value, revaluing the unit at some convenient figure, is all that it is wise to attempt.

This stabilization demands, of course, a balancing of the government budget. Poland cannot greatly reduce her expenditures, although foreign critics pretty commonly insist that her military expenditures ought to be cut down. For that matter, government expenditures are comparatively low—in the neighborhood of \$10 per capita annually if one converts on the basis of internal value of money, and considerably less if conversion is based on exchange rates. The domestic debt—not counting, of course, the seven trillions of paper currency—has been wiped out by the depreciation itself. The foreign debt is only about \$300,000,000. Poland has the necessary resources and productive capacity to support its government on the present scale.

The initial step in curing the currency disease must be by adding very materially to taxation and to the revenue from public service enterprises. Until this is done there is no prospect of borrowing any important sums abroad nor of placing long-term bond issues at home, even if these are expressed in terms of theoretical sound currency.

The fact is that, for about two years past, the continuance of currency inflation in Poland has been due, not to economic incapacity but to lack of a strong financial policy. The difficulty has been political. So long as the country, just emerged from the destruction of the Great War, was fighting with the Bolsheviks, it had little choice but to pour out paper money. Since that time economic recovery has been such that the continued piling up of huge deficits was quite unnecessary. The dilatoriness in adopting adequate financial measures has been in part attributable to a rather widespread feeling that inflation after all

was doing little harm; in part to jealousy among different classes in the community as to their share in the burden of taxation; but chiefly, it would seem, to the newness of the government and the consequent difficulty in getting a working majority in the Diet.

The Polish Diet, during the past summer, after much delay, enacted new tax measures which may be expected to accomplish at least a good deal in reducing the rate of currency inflation. The most important of these measures provides for the imposition of a so-called capital levy during the years 1924-25-26. This is a progressive tax based on the value of property. As regards at least the smaller and medium sized properties, the tax is hardly to be considered in fact a capital levy in that it is not too high to be paid out of current income. The most important feature of this property tax lies in the requirement that it shall be paid on the zloty basis, the sums due automatically increasing as the level of prices in terms of marks increases.

As in other countries with rapidly falling currency, Poland has found her taxes and government charges always several laps behind in the race with the declining buying power of money. All direct taxes were paid in money worth far less than when they were assessed. Special decrees were required to advance customs rates, railway charges, and the like, and while these decrees have been made frequently they seldom have fixed the rates at a point equal, even at the time, to the rise in commodity prices, and usually before the next advance was authorized they would be far below the price level. The Polish treasury thus slipped back the greater part of every forward step; sometimes the slip exceeded the step.

No doubt considerable technical difficulty will be involved in the application of the zloty principle to taxes and other government charges, but the method can probably be worked out gradually. At any rate the experiment is highly interesting. Without such a method, Polish finance would find it very hard ever to catch up with itself.

Most of those other countries of Eastern Europe which have thus far failed to balance their budgets could, no doubt, do so as easily as Poland could. Rumania has a considerably heavier foreign debt than Poland and Bulgaria is handicapped by reparations payments. Nevertheless, the current deficits in these countries, as also in Yugoslavia, are relatively far smaller than in Poland, and vigorous taxation would almost unquestionably enable them soon to stop entirely the issue of paper currency. Up to about a year ago, Greek finances were in comparatively good shape and it does not appear that the new burdens thrown upon that country by the disastrous war with Turkey are insurmountable.

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THE IMPORTANCE OF RETAIL TRADE IN THE UNITED STATES

Scope and Sources of Retail Trade Information

No important field of business statistics has been so neglected by both governmental and private investigators as that of retail and wholesale merchandising. While quite comprehensive inquiries have been made concerning production and operating conditions for manufacturing establishments, mines, railroads, telephone and telegraph companies, gas and electric light companies, electric street railways, farms, banks, ships, and fisheries, the size and distribution of trade has continued to be a subject for speculation. The National Bureau of Economic Research, in compiling their three volume work on *The Income of the United States*, published in 1921-2, did not even make an attempt to estimate the income of wholesale and retail workers, but merely grouped them with professional men and "all others" who contribute to the national income; and a committee of the American Statistical Association has recently recommended that a census be made of wholesale and retail trade, stating that "on the distribution of commodities, one of the greatest of national interests, we have no accurate information." Considering the frequent statements that the chief waste in delivering goods to the ultimate consumer is due to the "middlemen" and that the "middlemen" obtain exorbitant profits, it certainly would seem wise for the Bureau of the Census to make at least a decennial census of trade. The obvious reason why such a census has not been made in the past is the wide distribution of retailers and the small operating units involved. The improvement of means of transportation and communication, however, would seem to minimize these difficulties, and the desirability of checking the completeness of income-tax returns adds an imperative reason for a comprehensive investigation of sales and income from stores.

Having noted the incompleteness of trade data, let us next examine the information which is available. The most important sources of published data are: (1) the United States Bureau of the Census, (2) the United States Internal Revenue Bureau, (3) the Federal Reserve Board and the twelve federal reserve banks, (4) the Bureau of Business Research of Harvard University, and (5) the Bureau of Business Research of Northwestern University.

The Bureau of the Census secures every ten years, in connection with the population census, data concerning the occupations of all gainfully employed persons in the United States. Prior to 1910

persons engaged in trade and transportation were grouped in one main division, although many of the subclassifications were of such a nature as to indicate whether the occupation was in connection with trade or transportation. Beginning in 1910, trade was made a separate division, although there is still no clear separation between retail and wholesale merchandising. A further difficulty arises from the fact that accountants, cashiers, stenographers, and many other types of clerical workers in stores were placed under the separate classification of clerical occupations in 1920 without any segregation as to type of employing industry. For the year 1910, however, a cross classification was provided showing both type of employment and the employing industry for clerical workers, and this serves as a basis of estimate in segregating the numbers of these workers employed at stores in 1920. The occupational returns are published by states, as well as for the nation as a whole, so that they furnish some information concerning the regional distribution of trade throughout the United States.

The income-tax returns of the Internal Revenue Bureau are divided into two main groups: corporation returns and personal returns. Statistics of corporation income are published in more detail than statistics of personal income. Gross income, cost of goods, interest paid and compensation of officers are published as totals for all trade corporations making returns, while net income and income tax paid are segregated for wholesalers, department stores, and all other retailers. Statistics compiled from personal returns show net income obtained from trade together with the total amount of tax paid. In addition, the published personal returns for 1917 showed the gross sales of all retailers, who made personal returns for income from business.

The Federal Reserve Board in coöperation with the twelve federal reserve banks secures monthly reports on sales from about 1200 wholesale firms, 500 department stores, 60 retail chains (operating 23,000 stores), and 4 mail order houses. The department stores also report the monthly value of their merchandise stocks, and certain of them furnish information concerning their outstanding orders with wholesalers, the promptness of their collections from customers, and the number of their employees. Most of these data are available since 1920 on a monthly basis and since 1919 on an annual basis.

The Bureau of Business Research of Harvard University has been conducting a rather intensive service for retailers for a period of about ten years. Systems of accounts were developed for important classes of retail merchants and later annual statistical reports were obtained from merchants who used this system of accounting, and the results were analyzed and printed. By this method analyses have been made of the operations of retail grocers, retail shoe dealers, retail druggists,

department stores, and other types of merchants. These analyses in most cases show the percentage of profits and various important items of cost to gross sales, the rapidity of turnover, and the differences of trade conditions according to the size of store and section of the country.

The Bureau of Business Research of Northwestern University also makes analytical studies of trade, but has confined itself chiefly to the clothing industry.

The Bureau of Foreign and Domestic Commerce has recently commenced studies of the size and location of stocks of certain classes of merchandise, such as canned goods, but has not yet published the results of its work.

The Size of Retail Trade in 1919

An analysis of the size of retail trade may best be made for the year 1919, as the complete returns of the Census of Manufactures are now available for that year, the returns of the Census of Occupations on January 1, 1920, have been published, and data on income-tax returns, sales of agricultural products, and foreign trade are about as complete for 1919 as for later years.

The only statistics compiled by the Bureau of the Census for retail trade, as indicated above, are those of occupations. Consequently, employment is the measure of retail trade which is most rapidly available. If estimates be made of the clerical workers engaged in retail trade for January 1, 1920, on the basis of ratios in 1910, and of the relative number of workers at wholesale and retail establishments for certain minor groups, it appears that the total number of persons employed in retail trade at the beginning of 1920 was approximately 3,350,000, as compared with 813,000 employed in wholesale trade, and 41,614,000 in all occupations.

A second important measure of the importance of retail trade is the total value of sales. This may be estimated for 1919 in three ways: (1) by totaling the value of all manufactured and unmanufactured articles entering retail trade and adding to their value at factories, farms, or ports a reasonable mark-up for expense of wholesale and retail distribution; (2) by calculating from statistics of income given by the Internal Revenue Bureau the gross sales of all reporting retailers and adding to this a conservative estimate of sales for those making no returns; and (3) by studying the average sales per employee at reporting stores and multiplying this by the total employment at all retail stores.

The table below shows the important classes of commodities which ultimately enter into retail trade, together with the approximate value of each class in the year 1919:

Articles manufactured in U. S.....	\$25,578,000,000
Fresh vegetables and fruits.....	978,000,000
Milk and butter sold from farms.....	824,000,000
Eggs and chickens sold from farms.....	785,000,000
Fish marketed.....	25,000,000
Coal sold at retail yards.....	686,000,000
Imports of manufactures, etc.....	1,062,000,000
Total	\$29,933,000,000
Exports of manufactures, etc., deducted.....	8,025,000,000
Cost of articles entering trade.....	\$26,908,000,000

This total seems to be conservative, as each of the figures entering it was carefully analyzed and reduced to a minimum. For example, all manufactures which are used as capital equipment, building materials, or are sold directly to consumers by manufacturers' agencies (such as automobiles, computing machines, etc.) were excluded from the total of manufactures. In obtaining the value of fish marketed only figures of catch at the largest seaports are included, and the value of coal includes only anthracite, as it is believed that most bituminous coal is sold by wholesale distributors to large consumers and that the value of bituminous sold at retail roughly balances the value of anthracite sold at wholesale to large consumers. Studies by the Federal Reserve Board and the Harvard Bureau of Business Research indicate that it is reasonable to consider 10 per cent the average mark-up of wholesalers and 25 per cent the average mark-up of retailers. This mark-up, it should be remembered, has to be sufficient to cover most of the costs of transportation for these articles, all expenses of wholesalers and retailers, and net profits. If it be estimated that \$26,908,000,000 worth of goods entered trade in 1919 and was marked up 10 per cent and 25 per cent respectively by wholesale and retail dealers, the total value of retail trade in the United States during the year was \$36,998,000,000.

The gross sales of corporations in retail business who made income-tax returns for 1919 are secured from the gross sales of all trade corporations by an estimate based on the relative net sales of retailers. Gross sales of individuals making returns from business are calculated from their net sales in 1919 and the ratio of gross to net sales in 1917. Finally, a comparison of the total number of income-tax returns for retailers with the total number of retailers as reported by the Census of Occupations or listed by the J. Walter Thompson Company in *Population and Its Distribution* indicated that there were about 1,000,000 retail establishments that made no income-tax returns in 1919. If the average gross sales of stores making no return be con-

sidered \$15,000 a year, the total gross sales of corporations, retailers making personal returns, and retailers making no return in 1919 must have aggregated approximately \$36,195,000,000.

The third method of approach in determining the value of retail trade involves the estimate of average sales per employee. A recent study of the Harvard Bureau of Business Research indicates that sales per employee at grocery stores vary between \$11,000 and \$12,000 per annum. Sales per employee at department stores which report to the Federal Reserve Bank of New York, on the other hand, are only averaging between \$8,000 and \$9,000 per annum. On the basis of these two important studies and estimates by a number of practical merchandising experts it seems fair to estimate average sales per reported employee at \$10,000 annually. As the number of retail workers at the close of 1919 was 3,350,000, the estimated value of retail trade obtained by this method would be \$33,500,000,000.

As the value of retail trade in 1919 secured by these three methods varies within a reasonable margin of error it seems fair to take the arithmetical average of the three results as a final estimate. Calculated in this manner the retail trade of the United States reached in 1919 a total value of approximately \$35,500,000,000.

The mark-up of goods sold at retail usually ranges from 10 per cent to 100 per cent and averages about 25 per cent, as stated above. As the value added by retail trade averages at least 20 per cent of the selling price, the total value added to merchandise by retailing in the year 1919 was about \$7,100,000,000. The following table indicates the importance of retailing, as compared with other large American industries in 1919.

	Number of workers	Value added to product
Manufacturing	12,819,000	\$25,042,000,000
Agriculture	10,953,000	21,022,000,000
Retail trade	3,350,000	7,100,000,000
Railroad transportation	1,908,000	4,996,000,000
Mining	1,090,000	4,618,000,000

It may be noted that retail merchandising is clearly the third most important industry in the United States both from the standpoint of the number of workers and the value of their work.

The Trend of Trade since 1919

No complete statistics of employment at retail establishments are available for any date since January 1, 1920, but it is possible to mea-

sure the trend of trade since 1919 with reasonable accuracy from the statistics of retailers who report to the federal reserve banks and do an annual business of over two billion dollars. An adjustment of the total volume of retail sales on the basis of this large sample indicates the following value of retail trade for the past four years:

1919	\$35,500,000,000
1920	41,600,000,000
1921	36,500,000,000
1922	36,400,000,000

These figures indicate that the total value of trade reached a maximum in 1920, but was relatively stable in the other three years. These figures are substantiated by the trend of gross sales of trade corporations published by the Internal Revenue Bureau. It is worthy of note that income-tax figures and studies by the Harvard Bureau of Business Research indicate, on the other hand, that net profits of retailers were relatively small in both 1920 and 1921, but showed much improvement in 1922.

Geographical Distribution of Retail Business

A fair indication of the distribution of retail trade is obtainable from the statistics of occupations by states. These statistics for separate states have been compiled by federal reserve districts in the following table in order to abbreviate them somewhat and make them comparable with other information available for these districts:

PERCENTAGE DISTRIBUTION BY FEDERAL RESERVE DISTRICTS

District	Retail trade	Wholesale trade	Population	Income	Banking resources
Boston	7.5	8.0	6.7	7.7	6.6
New York	17.5	18.0	12.5	16.8	26.7
Philadelphia	6.6	5.2	6.4	7.1	7.3
Cleveland	9.4	9.0	9.4	9.8	9.8
Richmond	6.6	6.3	9.2	7.0	5.3
Atlanta	6.3	6.4	9.3	5.7	3.8
Chicago	15.1	16.4	14.6	16.0	16.1
St. Louis	7.3	8.2	8.5	6.7	4.6
Minneapolis	4.4	5.1	4.8	4.5	3.8
Kansas City	6.2	6.5	6.6	6.3	4.9
Dallas	4.8	4.2	5.5	4.6	2.9
San Francisco	8.3	6.7	6.5	7.8	8.2

This table indicates that retail trade is relatively smaller than wholesale trade in the Boston, New York, Chicago, St. Louis and Minneapolis districts, which contain particularly large jobbing centers. Retail business bears a particularly high ratio to population in the New York, Boston, Chicago and San Francisco districts, while it is rela-

tively smallest in the Richmond, Atlanta, St. Louis, and Dallas districts. It is of interest that the variations in volume of retail trade by districts correspond more closely with variations in income and banking resources than with variations in population. This indicates that the size of retail trade is much more dependent on the wealth of a district or community than upon its population.

Growth of New Types of Retail Organizations

Retail trade remained the field of the small business man with limited capital long after manufacturing, mining, transportation, and communication had been organized into corporations operating in large units. However, three new types of retailers—the department store, the mail order house, and the chain—have been gradually introducing large-scale methods into the retail field.

The operations of the new types of retailer have been extended to all sections of the United States, and the country has been divided between them according to their comparative advantages. The department store is most successful in large cities, and is now found also in practically all towns of over 5,000 population. Mail order houses, on the other hand, have obtained the bulk of their business from the scattered rural population who obtain in this way a much wider choice in their purchases than is possible at the small stores of local dealers. The unit stores of chains, like department stores, were located at first only in the large cities, and at present their chief territory is the great cities, notably Philadelphia, New York, Chicago, Boston, and Washington. The chains, however, have not confined themselves to the development of strictly urban territory, but are now proceeding to extend their operations to most of the towns, particularly in the eastern sections of the United States.

It is very difficult to secure complete information concerning the number and the extent of the operations of large-scale retailers, but a rather extended survey of the field indicates that there are at present about 3,000 department stores, 100 mail order houses, and 1,000 chains in the United States which together operate about 100,000 stores and handle over 25 per cent of the total retail business.

There continue to be about 1,200,000 small retailers in the country, and their combined trade is still about three fourths of the total. Their relative importance will probably continue to decrease, but there is no probability that they will all be forced out of business, as they usually have the advantage of convenience of location as compared with department stores and mail order houses, give more personal service (including credit and delivery) than chain stores, and are receiving closer coöperation from wholesale dealers who look upon the

large-scale retailer as a common enemy. The department store and mail order house offer the consumers advantages in selection of goods from a larger stock, while the chain store usually offers goods at lower prices than independent dealers. The most real advantages of the large retailers, however, do not lie in their volume of buying or selling, but in their superior organization of work, better accounting systems, and more rapid turnover of stocks of merchandise.

The department store and mail order house were already quite fully developed prior to the World War and their recent growth, while large, has not been extraordinary. The extensive development of chains, on the other hand, has taken place within the last decade, so that the following statistics of number of stores operated by five leading chains are of special interest:

STORES OPERATED BY FIVE CHAINS

1913.....	1501	1918.....	5266
1914.....	1970	1919.....	5764
1915.....	2803	1920.....	6180
1916.....	4123	1921.....	6494
1917.....	4680	1922.....	7670

These figures indicate that the number of chain stores has increased over 400 per cent during the period of nine years ending in 1922, while the total number of retailers increased only 11 per cent in the decade from 1910 to 1920. These figures, moreover, probably tend to underestimate chain growth as they include only chains which were established prior to 1913. A large proportion of the chains operating at present were not in existence in 1913, so that a tabulation of all chain stores operating in each year would probably show an even more rapid rate of growth.

The table below, which is compiled from statistics reported to the Federal Reserve Board, shows the comparative change in dollar sales of important types of large-scale retailers in the years from 1919 to 1922, inclusive.

INDEX NUMBERS OF RETAIL TRADE (1919 = 100)

	1919	1920	1921	1922
Department stores	100.0	118.7	110.8	112.5
Mail order houses.....	100.0	103.1	71.6	78.5
Grocery chains	100.0	144.3	126.3	143.5
Five and ten cent chains....	100.0	118.1	124.1	140.5
Drug chains	100.0	120.2	122.7	126.9
Cigar chains	100.0	132.5	131.6	128.6
Shoe chains	100.0	120.9	117.2	115.0
Music chains	100.0	109.3	85.6	101.0

These figures include the same reporting concerns for each year, but each group of chains has considerably increased the number of unit stores operated since 1919. It will be noted from this table that all

types of reporting retailers had larger sales in 1922 than in 1919, except mail order houses. The small mail order sales indicated the curtailed buying power of the farmers, as compared with industrial workers, which was due to the low prices paid for many farm crops in both 1921 and 1922. The relatively large sales of groceries by chains in 1922 were not due to any sudden expansion in consumption of groceries, but to a remarkable increase in the number of chain stores. The Great Atlantic and Pacific Tea Company, Piggly Wiggly Company, Jones Brothers Tea Company, the American Stores Company, and most of the smaller grocery chains rapidly increased the number of their operating units during the entire year 1922 and the first six months of 1923. At the present time plans are under way for a further large expansion in number of stores operated by the five largest chains of five and ten cent stores. In fact, the history of the chain development to the present time seems to indicate that this form of organization is most advantageous in the grocery and low-priced variety business, although it has also become an important factor in the drug, cigar, dry goods, shoe, men's wear, hat, and candy businesses.

Summary

In the past there has been little statistical investigation of retailing, due to the large number and small size of the establishments involved. A few governmental and private organizations have recently, however, made studies which serve to outline the size and importance of the field. Careful estimates indicate that there were about 3,350,000 persons engaged in retailing in 1919 and that sales totaled over \$35,000,000,000. From the standpoint of number of workers and value of output, retailing thus ranks third among the fields of business endeavor in the United States.

Analysis of distribution of retail trade by geographical sections in 1919 indicates that sales per capita were largest in the industrial sections of the East and Central West and smallest in the agricultural sections of the South. In fact, the volume of retail trade bears a much closer relation to the total income of a community than to its population.

The development of large-scale retailers which commenced about half a century ago has received much impetus during the last decade from the growth of chain organizations. Available statistics indicate that there are over five times as many chain stores in the United States as there were ten years ago. This development of chain stores has been particularly large during the last two years in the retailing of groceries and variety articles, the fields in which they have proved most successful.

LAWRENCE B. MANN.

TRADE UNION DEVELOPMENT IN SOVIET RUSSIA

Exits from the stage of history are not always made on schedule time. Just as the prolongation of the infancy of industries embarrasses the protagonists of protective tariffs, so the existence of trade unions in Russia today calls for explanation in the light of the assumption that trade unions belong only to the capitalistic era. If the control of industry in socialist Russia has gone over to the workers, why has not the need for the trade union vanished simultaneously? It is true that the private capitalist is to be met in Russia again today, but even before the soviet government called a retreat and permitted private enterprise in 1921, the trade unions not only continued their pre-revolutionary existence but claimed important functions. Their present relation to the organs of a workers' government and their rôle in industry as it is now carried on must be known before the actual status of the trade unions can be made clear.

Striking contrasts stand out between Russian trade unions and those of western Europe. The differences in character are so great that the Russian trade unions are not affiliated in the same international, and sympathizers with the "reds" stir opposition strong enough to cause serious splits in the labor movements of all other industrial countries. Unlike the English unions, with a long history of struggle and slow progress behind them, *the Russian unions are very young*. They are young because modern capitalistic enterprise is still young in Russia. It did not exist before 1880, while English capitalism was in full bloom by the middle of the century and French and German well established before the last quarter. The growth of unions was delayed by legal prohibition and by government opposition more severe than ever handicapped the English or German unions. In the second place *the Russian unions are revolutionary*. For years their whole energy has been spent in fighting the Tsarist government and in devising plans to overturn it. As a consequence, in the third place, *they have been concerned primarily with political activities*, again contrasting with the trade unions of other countries. In the fourth place, instead of being composed exclusively of skilled and semi-skilled workmen from the separate trades, as the English and American unions came to be, *they have always included all grades of workers*, organized on an industrial basis. Last, to a degree greater than in any other country, the direction of *their development has been determined by intellectuals*, by groups of ardent idealists who wished to use them as factors in bringing on the social revolution. It was the revolutionary dogmatism which these intellectuals put in the mouths of the workers which has set the Russian unions against most of the European unions and ex-

plains the basic antagonism between the unions of the "Red International" and the essentially evolutionary unions of the Amsterdam International.

These characteristics are factors in the industrial problems before Russia today. They must be studied in their historical setting for an understanding of the trade unions of the present. Two turning points mark the development of the Russian unions. These are: (1) the 1917 revolution, and, (2) the inauguration of the new economic policy in 1921.

Belated Industrialism in Russia. Lack of contact in the past is perhaps the chief obstacle which prevents an easy understanding between Russia and western Europe today. Russia's isolation is age-old. Her geographical position and the different course of her internal development kept her a stranger in the family of European nations before the nineteenth century. The great religious and cultural upheavals of the Reformation and the Renaissance left her untouched. Western nations, on the other hand, had little knowledge or understanding of the political life of internal Russia. Between them and Russia scarcely more interchange of ideas and products took place than during the middle ages in the west. They looked on at the freeing of the serfs in 1861, heralded as the beginning of a new social order, but they could see no change effected in the primitive agricultural communities. The peasants continued illiterate and led miserable and uncertain existences. When the Tsar was forced to grant a parliament to the people in 1905, this was greeted as the beginning of constitutional government, but bureaucratic control was in no way lessened. The despotism which had maintained itself by terror of the secret police endured and spread its sinister influence throughout the entire structure of social life.

Belated capitalist development in Russia no doubt explains the extreme contrasts between East and West toward the end of the nineteenth century, but retardation rests on a less conspicuous but none the less fundamental difference to be found in the rôle played by the government. *Laissez faire* was completely foreign to Russian policy and practice. The government assumed and was forced to continue the rôle of entrepreneur and regulator by reason of lack of enterprising "captains of industry." The building of railroads and the development of manufactures were directly or indirectly government projects. Thus it was official bureaucracy, rather than private capital, which became the enemy of the newly formed working class.

The changes in methods of production which finally appeared toward the end of the century were attended by the same effects which followed the more gradual introduction of modern capitalistic organ-

ization of industry in western Europe. A rapidly growing industrial population began to be drawn into the cities. For them the new system meant almost intolerable hardship and an insecurity of life greater than they had ever known before. Increased suffering made them responsive to the revolutionary leaders who, in secret, organized thousands into the forbidden trade societies. Thus the way was being prepared for the trade unions long before the law permitted them to exist.

Trade Unions before 1905. Russian trade unions, in the modern sense of the term, did not exist before 1905, though there had been fraternal societies since early in the nineteenth century.¹ These were almost solely for the maintenance of sickness and benefit funds. The printers of Moscow and Petrograd early established such societies and later mutual aid societies of all kinds spread throughout the Baltic provinces and Poland. In all cases the management of the funds was regulated by the Minister of Finance, who, in this way, could and did suppress the development of other functions when the societies tried to add them.

Strikes were declared illegal and the criminal code of 1874 made workers who belonged to any society which aimed at "rousing hostility between employers and workers" liable to imprisonment, deprivation of property, and exile to Siberia. Strikes, nevertheless, did occur and became so serious in the industrial districts in the eighties that the government passed laws for the protection of women and children, aiming in this way to mitigate the worst abuses and so lessen discontent. In spite of these measures, the strikes continued and were made effective by the establishment of local and general strike funds. The collection of these funds was encouraged and supported by socialist groups who saw in the uprisings the beginning of the anticipated class struggle.

It was in this connection that the trade unions in their earlier form came into vigorous activity. They were, in fact, the fruit of ten years' agitation by the intellectuals, Marxian socialists, who encouraged the workers to assume their predicted revolutionary rôle. The groups administering the strike funds, primarily political organizations, became the embryonic trade unions, and, as Lozovsky points out, the Russian trade union movement, from its very beginning, has bound itself up with the political labor movement.

As the influence of the Social Democratic party began to be felt through the organization of the workers, the government tried to

¹One of the most detailed of the few accounts of the beginnings of trade union history in Russia which are available in English is by Abraham Lozovsky. It is entitled *Trade Unions in Soviet Russia* and was published in pamphlet form by the Labor Research Department, London, in 1920.

thwart it in an extraordinary manner. It set about inaugurating "legal" trade unions, much after the fashion of American "company unions." These were brought into being under the auspices of the Okhrana, or secret police, beginning in 1902. The police unions aimed to concentrate the attention of the workers on the mutual aid features of the associations. This they failed to do. Once organized, the workers demanded wage increases, threatened strikes, and were attracted to the program of the Social Democratic party just as the "illegal" unions were. Employers objected to them and complained to the government. In St. Petersburg a vigorous society, with its eleven branches, became the very center of the labor movement in that city in spite of its police origin. The government policy proved suicidal, for in the end, these "legal" unions gave impetus to the revolution of 1905.

The Revolution of 1905. The growing strength of the various unions manifested itself in a series of strikes in the early part of 1905 and in the formation of many semi-legal unions, which now stood out more or less in the open. Printers, clerks, watchmakers, tailors, tanners, shoemakers, and bakers formed new organizations or came above ground with old ones. In the early autumn a new strike wave spread over the country and culminated in the memorable demonstrations on "Bloody Sunday" in October. The political parties seized the opportunity to extend their influence, and disaffection in the army and navy made counter-revolutionary efforts on the part of the government completely ineffective for the moment. The workers in St. Petersburg formed an industrial council, the St. Petersburg Soviet, and declared for social revolution.

In October, 1905, the First Russian Trade Union Conference took place. It was comprised of 26 Moscow unions and 10 from other centers and it was declared open to "such mutual aid societies and trade unions as are composed of wage-earners of all trades of a proletarian character and are directly or indirectly fighting capital." Thus the first attempt at federation made by the Russian trade unions had behind it a definite class consciousness. In spite of numerous reverses, new unions were formed and when the Second Conference was held, in 1906, it was estimated that the Russian trade unions had an individual membership of about 200,000.

The first flush of success was not to continue uninterrupted. The 1905-1906 revolution failed and as a result the history of trade unionism as a country-wide movement remained almost a blank for another dozen years. The Tsar's government, with financial support from outside, was able to defy the new Duma and to resort again to repression. The revolutionaries were done away with on the spot or dispatched to Siberia. A new law, aimed at the extinction of trade

unions, was passed and in 1907 the police reported 107 unions had been "closed down." Many times "closing down" by the police did not really break up the associations, which lived on in secret, but the repressive measures were such that there could be no concerted movement until the overthrow of the Tsar in 1917.

Political Affiliations. In the meantime the revolutionary parties, now also more vigorously opposed by the re entrenched government, were making appeals to the dissatisfied workers and were winning adherents daily. During the war the parent Social Democratic party had exhibited a marked rift, which grew out of differences of opinion with regard to the Marxian formula for the stages necessary in arriving at communism. The Mensheviks, or minority, led by Martov, interpreted the on-coming revolution as a capitalist one. Russia, they said, had not yet passed through the inevitable capitalistic period. They held, therefore, that the part of proletarian wisdom was to make an alliance with the liberal elements of the bourgeoisie, soon to become Russia's capitalist class, since such an alliance might mitigate the severity of the capitalistic era as they had observed it in western Europe.

The Bolsheviks, or majority, led by Lenin, admitted that Russia had not completed the capitalistic period, but they maintained that it was possible for the country to pass at once into the socialist era. According to the later group, the proletariat should keep its hands clean of all entangling alliances with the bourgeoisie.

The two groups, each basing its predictions on what was called a "strict interpretation" of the Marxian analysis of history, arrived at opposite conclusions as to the tactics proper for the proletariat in the grave days of March, 1917. The Bolsheviks, when in control of the government later on, became the Communist party. All of these political controversies and divisions were reflected by dissensions in the trade union ranks.

The March Revolution. With very little warning the March revolution broke out with a strike led by Petrograd workers and soldiers, organized in the Petrograd Soviet. Similar councils of workers, or soviets, sprang into life with amazing rapidity, not only in the large industrial centers but in the provincial towns as well. They were not unlike the organizations on a smaller scale which had appeared in 1905. These soviets were in many cases the inaugurators of the new trade unions.

Able now to work in the open, the unions began to extend their organization. Councils of trade unions were formed in both Moscow and Petrograd in March, and as organization proceeded in the various industries, interunion bodies, at first called central bureaus, were

formed in the industrial centers. The soviets worked closely with the unions and in some instances served as substitutes for them.

In the meantime the Provisional government was formed, mainly from members of the Fourth Duma, which was composed for the most part of the bourgeoisie. This government had the support of the Mensheviks. The division of power between the central government and the soviets, which were local units, rendered difficult the prosecution of the war, to which the soviets were opposed.

In every industry the soviets made demands for increased pay and shorter hours and set up disputes committees and labor exchanges. In April, 82 soviets were represented in the first soviet conference held in Petrograd. A resolution was passed urging the workers to build up trade unions and as soon as possible to convene a national conference of trade unions. This was done in June, when the Third Trade Union Conference met in Petrograd, following in succession the conferences of 1905 and 1906. This Third Conference was much larger and more widely representative than the earlier ones. It was composed of 220 delegates from 967 local unions and 51 central bureaus and represented a total individual membership of nearly a million and a half workers.

In order to measure the subsequent swing of the trade unions to the left, it is necessary to note the strength of the moderates in this first real assemblage of trade unionists from all over Russia. Sharp division among the delegates arose over three important questions. These were: (1) the war and foreign relations; (2) affiliation with the liberal Russian bourgeoisie; and (3) the scheme to be adopted for workers' control in industry. The right wing with the Mensheviks and the majority of the Social Revolutionaries made up a large majority of the conference, outvoting resolutions of the Bolsheviks for ending the war, for opposition to class conciliation, and for establishing workers' control of industry. Resolutions did pass advocating higher taxation of profits, standardization of prices, and state control of important industries and banks, but it was declared that: "The process of control is too difficult and complicated for the proletariat to undertake the entire or even the greater part of this control."

This position was later completely reversed by the Bolshevik ascendancy. The outstanding permanent results of the conference were a greater coherence for the trade union movement gained by the formulation of standards and programs and, most important of all, by the establishment of the All-Russian Council of Trade Unions which became the body for directing the whole movement and for sharing in the reorganization of the industries of the country.

The vast machinery of Russian trade and commerce, at first para-

lyzed by the March revolution, now began to marshal its resources to meet the opposition of labor. Associations of manufacturers and bankers, syndicat and trust organizations joined forces in a battle to recover some of the lost territory. They determined to use every means to do away with the factory committees which were chiefly objectionable in their insistence upon the right to appoint and dismiss workers, but they intended also to bring to an end all the other revolutionary changes which had already altered the routine of the factories, including the eight-hour day, the wage increases, and the insurance funds. The method which the employers' organizations found most effective for this purpose was one which inflamed the workers, still flushed with the first taste of power. It was the institution of a gigantic lock-out. Throughout the summer of 1917 the struggle was intense and locally often a losing one for the workers, so that now and again the employers were convinced that the worst of the revolution was over. But toward autumn the issues sharpened. The tide turned for the workers when the long struggle between the Leather Workers' Union and the Leather Manufacturers' Association, which had been going on in many factories, ended by the driving of the employers from their plants and the taking over of production by factory committees.

The Provisional government seemed powerless to bring about domestic peace. Its efforts were regarded with suspicion by the workers, and the unions and the factory committees formed Red Guards which now aimed at the defeat of the government as well as the protection of the factories of which they were in possession.

The November Revolution. The November revolution was a victory heralded by the old slogan "All power to the Soviets" which had long been the rallying cry of the Bolsheviks. With the capture of Kerensky's Democratic Conference the Bolsheviks determined to end the dual control without delay. The All-Russian Council of Soviets accordingly elected a Council of People's Commissaries and inaugurated the Russian Socialist Federal Soviet Republic.

In the early stages of Bolshevik ascendancy, membership in trade unions was practically compulsory, although organization was not completely established in many industries. The unions served political as well as economic ends. For a time there was an almost complete merging of the trade unions with the military revolutionary committees. The unions were represented on all of these committees and the trade union headquarters were used by the revolutionary troops.

Not all of the trade unions, however, wished success for the November revolution. Those who opposed it included the commercial and bank employees, and the office staff and higher officials of the railway and telegraph workers. The Provisional government had also on its side

the printers, called the only purely proletarian union standing against the revolution. They claimed that their position was determined by their desire for freedom of the press.

The fight was by no means over with the proclamation of the new government. The stop-work or sabotage policy of the government officials of the older régime and of the commercial employees' unions proved difficult to combat. The appearance of an official of the new soviet government to take control was an effective signal for a strike. This brought up the question of the legitimacy of the strike when the working class was in power. In November the Moscow Council of Trade Unions ruled on this point:

While a proletarian government is in power, a political strike is to be considered as sabotage against which the most determined measures must be taken. To take the place of workers refusing to work for that reason is not blacklegging, but a means of fighting sabotage and revolution.

And in a similar effort to prevent strikes the Petrograd Council of Trade Unions proposed:

That all economic and political strikes immediately cease and everybody commence work and carry it on in complete order.

Workers' Control and Problems of Administration. When workers' control was inaugurated the old management was usually left to function but a guard was placed over it in the form of a special control commission elected by the workers. Now that the revolution was an accomplished fact, the trade unions were suddenly confronted with the necessity of a practical plan for labor control. In many places the workers, inexperienced in management, drove the owners away and took over the plants, and in so doing threatened the disorganization of the great national industries. The trade unions declared themselves opposed to this method. They claimed that:

The factories and works are the property of the working class as a whole and not the property of the workers of a given factory, and for that reason workers should under no circumstances assume ownership of any factory.

Workers' control naturally came up for major attention at the First All-Russian Congress of Trade Unions which met in 1918, having been duly summoned by the All-Russian Council of Trade Unions. This congress was feeling its way towards some administrative machinery adequate for industry on a national basis. It declared that:

Workers' control is inseparably connected with the general system of regulation of national economy, that it is the basis of state regulation, that the unions must carry out the idea of centralized workers' control and the merging of the small controlling units into larger organs which correspond to the modern methods of production as well as the actual structure of labor organizations.

This expression of the problem raises the fundamental question of the relation of the trade unions to the actual organs of government. The rather extensive literature on what that relation *should* be does not shed much light on the plans adopted.

With regard to the relationship between the trade unions and the soviet government, the congress resolved that:

The trade unions must give their entire support to the policy of the Socialist Soviet Government as conducted by the Council of the People's Commissaries.

It further expressed itself in favor of "the close coöperation and inseparable connection" between the trade unions and the proletarian political organization. This action was not taken, however, without protest by a dissenting minority. Not once but many times the Mensheviki took the floor at trade union congresses to demand an independent sphere of action for the trade unions. The answer always was that independence could have no meaning or importance unless the government was in the hands of the bourgeoisie. The clerks, bank employees, civil servants, and printers remained insistent for independence, and again a line was drawn between "proletarian" and other unions.

The Communist party, at its Ninth Congress in March of 1920, faced within its own ranks an organized "labor opposition" with a definite program for freeing labor from state control and for the recognition of organized labor in the conduct of industry. This faction claimed that the governmentalization of industry had proceeded to a danger point. The congress voted down the opposition but it appeared again at the Tenth Congress in 1921, when drastic steps were taken to maintain party discipline. Expulsion from the party was made the penalty for discussing the program and some of the more important leaders were imprisoned. However, it was apparent that a new basis would have to be adopted to bring the trade unions into line, a proceeding also made necessary by the adoption of the new economic policy.

Trade Unions under the New Economic Policy. Drastic methods, found necessary to revive the paralyzed industries of the country, were adopted with the new economic policy dating from the spring of 1921. Private trading and manufacture for profit, forbidden under the communist régime, were again resorted to in order to stimulate industry and save the nation from economic ruin. By this retreat from the program of communism it was hoped to attract much-needed capital and make available new markets for goods.

Naturally the reappearance of the individual employer put the trade unions back on somewhat the old basis. Their existence up to

this time had been anomalous. Lenin had told the Third All-Russian Congress of Trade Unions that, though useful in bringing on the revolution, theoretically unions were obsolete when communism was achieved. But when the stage was set for the reëtrance of the capitalist-employer the rôle of the trade unions was clear again. The safeguards of extensive state regulation of working conditions proved insufficient protection. Strikes again became a possibility and made necessary the organization of the unions as fighting units.

The Central Committee of the Communist party appointed Lenin, Rudsyutak, and Andreyev to present a plan for the revision of the government policy toward the unions. This report was submitted to the All-Russian Council of Trade Unions and approved. It consequently came to be the new basis for labor regulation in Russia. It is the basis accepted in the Labor code of 1922.

The Labor code assigns to the trade unions important functions in the administration of the law. The All-Russian Council of Trade Unions is designated as the agency for fixing the terms of the collective agreements, the name given to the contracts of the unions with the employers. The Council works with the Commissariat for Labor and assists it in enforcing the code requirements regarding wages, hours, and other conditions of employment. The unions have further important rôles by representation on the disputes committees and labor exchanges and throughout the whole machinery of the Commissariat for Labor.

Thus the Russian unions are accorded by law a definite sphere of control in industry. This contrasts with the situation in other European countries and in America, where trade agreements are found only in those industries and services where strong unions have been built up, where only a limited number of employees are covered, and where, with only rare exceptions, the agreements, unlike the Russian, do not include guarantees of continuous pay, insurance features, and control over hiring and dismissal. Moreover, the Russian agreements have behind them the code with its basic requirements which apply to "all persons working for hire." It is true that there are many instances in Russia today of collective agreements not working satisfactorily and of enterprises where the agreements are not yet drawn, yet the status of the union is clearly fixed by legal definition, which makes it the instrument empowered to protect the interests of the workers.

The unions have insisted that the exercise of this function shall be free from interference even by organs of the state. As early as the Second Trade Union Congress they declared that the Commissariat for Labor was really subordinate to the trade unions and that compulsory regulations issued by it were first to have the approval of the

All-Russian Council of Trade Unions. The code stipulates that the collective agreements shall be drawn up "with the Commissariat for Labor" where copies of all agreements must be filed, and also that the discretionary powers shall be exercised jointly by the Commissariat and the Council. Trade union representation in the Commissariat makes agreement easy in practice.

But in addition to the function of guaranteeing to the workers wages, hours, and working conditions, the trade unions also claimed a responsible part in the actual conduct of industry. This claim has not fared as well. Lenin's position, as given in a speech delivered in 1920, was that "the trade unions must take part in economic administration, as that is the foundation of our program, but it is sufficient for them to put forth candidates." Just where the line was to be drawn remained for a long time an unsettled, and to a large extent a political, question.

Although old political and theoretical differences and strong party affiliations explain much of the friction between the trade unions and the government, it would be an error to attribute all of it to this source. The government has continually adopted new policies to meet new emergencies and these have called for correspondingly new functions for the trade unions, many of which have proved difficult. A glance at the more important changes will be sufficient to illustrate.

Immediately upon taking the government, the Bolsheviki began the process of the nationalization of industry, so that by 1918 it was estimated that a third of the industrial enterprises had been taken over by the state. From the first a policy of extreme regulation was followed. In the matter of wages, the first basis was one of approximate equalization (December, 1917). Six months later payment in kind was inaugurated. This became general in 1919 and was regulated by numerous official decrees. Next, there was introduced a system of premiums paid to the workers in the articles produced, in order to stimulate production, and finally came the entire change of wage payment with the new economic policy and denationalization. Compulsory work was likewise the subject of an early decree, and with enforced labor vanished the right to strike, the oldest and most powerful of the weapons of trade unionism. But it was not long before unemployment stalked the land and compulsory work was again subject to revision. This succession of administrative changes in the past precluded easy working relationships.

Something like a real solution of the problem of control has been worked out practically since the adoption of the new economic policy along two lines: (1) by reserving for the trade unions the function of the protection of labor and for the soviet organs the actual con-

duct of industry through the trusts and syndicates now being built up. With regard to the latter, it is a matter of "hands off" for the unions. "Any direct interference of the labor unions in the conduct of industry must be considered detrimental and under no conditions permissible," as stated in the regulations; (2) by providing in every possible way for trade union leadership which understands and is sympathetic with communism. This has the advantages of the mechanical device known as interlocking directorships. For instance, Michael Tomskey, elected in 1918 to the Presidium of the All-Russian Council of Trade Unions and now secretary of the Council, has been on the Central Committee of the Communist party since 1919, and Abraham Lozovsky, a member of the Executive Committee of the All-Russian Council of Trade Unions has been a member of the Communist party since 1917 and was selected to arrange for and call the first Red International of Trade Unions. Membership in the trade union congresses has become more and more communist since the Conference in 1917, when only a little more than a third were Bolshevik or Bolshevik sympathizers. By 1920 more than two thirds belonged in this classification. The Mensheviks and the Social Revolutionaries looked for their day with the introduction of the new economic policy, but in June, 1922, nearly three quarters (74.2 per cent) of the 2,000 elected workers of the central committees, district bureaus, and district trade councils were communists.

In this connection it should be remembered that while there are undoubtedly trade union members opposed to the program of the Russian Communist party, there are no unions standing outside and unaffiliated with the general trade union movement, as in other countries, and on this account it has greater coherence.

The Structure of the Unions. The structure of Russian trade unions is industrial. Membership is in each case determined by the industry to which the worker belongs and it matters not whether he is skilled or unskilled, whether he works by hand or brain. The Third Trade Union Congress (1920) grouped all the organized workers of Russia into 23 industrial unions.¹

¹1. Employees and workers in the sanitary service,

2. Transport workers,

3. Miners,

4. Wood workers,

5. Land and forest workers,

6. Art workers,

7. Workers on public feeding and housing,

8. Leather workers,

9. Metal workers,

10. Workers and employees in communal service (drains, water supply, militia, fire, lighting, laundry, etc.),

11. Workers in education and socialist culture,

12. Employees in public communication (post, telegraph, telephone, radio),

These unions are similar in organization. The starting point is: (1) the factory committee from which the life of the whole structure is drawn. These factory committees are elected by the workers in each factory. Primarily they receive complaints, keep a record of production, and oversee generally the work relationships. But they function also in the organization of the social and educational life of the workers and in providing for their physical and cultural needs. In some cases they have undertaken the housing problem and the establishment of crèches. The factory committees of a given district (or *uyesd*) make up the (2) branches of the union, and representatives from all the branches in a given department (*gubernia*) constitute the (3) provincial departments of the union. These departments are under the (4) central committee of the union and the central committees are all under the All-Russian Council of Trade Unions. The transverse organs of the trade union movement are: (1) the bureaus in which the branches of the different unions are brought together under a single secretariat; (2) the councils, made up of representatives from the provincial departments; and, at the center, (3) the All-Russian Council of Trade Unions, the executive of which is elected by the (4) All-Russian Congress of trade unions, composed of members from the 23 industrial unions in the proportion of one for every fifty thousand members.

Membership. By official count, 90 per cent of all the workers in trade and industry were trade union members in the summer of 1923.¹ The new economic policy made membership in trade unions voluntary. It is difficult to estimate just how the enrolled membership was affected by this as the reports are not explicit on the point. It is contended that:

Membership in Russian trade unions was never legally compulsory, but in practice the resolution on this subject adopted by the Second Trade Union Congress was distorted and in many localities compulsory recruitment of all workers and employees of factories and institutions was resorted to. Under such conditions it was feared that workers tended to regard their unions as part of the administrative machine and lost interest in them.²

13. Printers,
14. Workers in the paper industry,
15. Workers in the food industry,
16. Builders,
17. Workers in the sugar industry,
18. Soviet employees (in coöperatives, shops, commissariats),
19. Tobacco workers,
20. Textile workers,
21. Chemical workers,
22. Workers in the clothing industry,
23. Employees in taxation, finance, and control departments.

¹*Russian Information and Review*, vol. III (July 7, 1923), p. 8.

²*Ibid.*, vol. II (Oct. 7, 1922), p. 7.

This insistence upon the voluntary character of membership is perhaps fine-spun, since all workers, whether members or not, were required to pay membership fees.⁵ On February 15, 1922, the All-Russian Council of Trade Unions voted to take a "complete re-registration of the members of every union, at the same time making it clear to every worker that membership was entirely voluntary."⁶ A campaign was carried on which lasted until June, by means of which it was found that "the loss in membership did not exceed ten per cent." The conclusion was that the workers had learned the value of the unions for their own protection and realized that with the reintroduction of private enterprise the need for them would be greater than ever. Further comments were to the effect that:

The majority of those who did not join belonged to the class of intellectual workers. Undoubtedly these latter felt that their interests were not especially catered for in the general industrial unions; this difficulty has been removed by the formation of special sections within the unions. Thus in December, at the All-Russian Congress of Engineers, at which all classes of engineers (mechanics) were represented, it was decided to coördinate the various existing sections of engineers by forming inter-sectional bureaus.

Official reports show that by January, 1923, actual membership had fallen to 5,500,000, as compared with 8,000,000 in May, 1921.⁷ It would appear that a very large percentage of the trade union membership has been unemployed since the inauguration of the new economic policy. In June, 1923, the Moscow Provincial Trade Union Council, perhaps the most active and important of the provincial councils, claimed only 650,000 members in the unions represented.⁸ It must be added that statistics of membership are not yet available in sufficient detail to give a satisfactory basis for conclusions.

The Payment of Wages. As soon as the Labor code of 1922 was issued, the trade unions began a campaign to make its provisions known among the workers. This general information was regarded as the surest way of getting into effect the minima specified in the code and as a basis for raising standards through collective agreements. Demands for wage increases were made very generally. Some substantial results were obtained, but it is difficult to gauge the importance of the unions' activities in this connection. It may be said that for the first time the trade unions have the government on their side, but against them is the country's economic condition as a result of war, blockade, and famine. In spite of these odds, it is maintained that

⁵Abraham Lozovsky, "The New Economic Policy and the Trade Unions," *Survey*, vol. XLIX (March 1, 1923), p. 706.

⁶*Russian Information and Review*, vol. III (July 7, 1923), p. 8.

⁷*Ibid.*, vol. II (Jan. 27, 1923), p. 265.

⁸*Ibid.*, vol. II (June 2, 1923), p. 536.

"the practice of collective agreements has resulted in an improvement in the level of wages throughout the whole of Russian industry."

Published figures show that the workers, with the possible exception of the food workers, are still far behind the pre-war level. The wages of metal workers, though steadily improving, are only half what they were and remain, as compared with their former status, the worst off in the groups reported on.*

In the official explanation of the differences in the pay of the various groups of workers it is admitted that the inequality in rate is due first of all to differences in the relative improvement of the industries. The light industries have found a ready market for their products which has made it possible to recover fairly quickly, while the heavy industries, with their requirements of vast capital, still languish, continually hoping to attract foreign credit. A way of evening up the rates which was seriously discussed at the end of 1922 was a return to government regulation of wages by requiring the approval of the Commissariat for Finance and the Commissariat for Labor for the wages fixed in collective agreements. This would enable the government to supervise a decrease or at least a check on wage increases in the flourishing industries, which might then be taxed in order to subsidize the heavy industries. Since the heavy industries are still worked mainly by the state, it happens that it is the government employees whose earnings lag behind the others and call most insistently for adjustment by the unions. Taking the wages of January, 1922, as 100, the following increases had been reached by July of that year:†

Industry	185.9
• Transport	181.6
Soviet workers	125.2

The Fifth All-Russian Congress of Trade Unions, which met in September, 1922, voted for the abolition of wages in kind. By the beginning of 1923, 85 per cent of the wages in Moscow and 76.5 per cent of the wages in Petrograd were paid in money. A year previous the money wage had been only 37 per cent of the total.‡

*AVERAGE MONTHLY WAGES IN 1922 AS PERCENTAGES OF THE PURCHASING POWER OF THE 1913 WAGES

	Jan.	June	July	Aug.
Metal workers	23	39	43	50
Textile workers	46	52	52	59
Chemical workers	35	56	60	63
Food workers	78	92	90	119
Printers	50	66	68	83

From *Russian Information and Review*, vol. II (Dec. 23, 1922), p. 184.

†*Ibid.*, vol. II, (Jan. 27, 1923) p. 265.

‡*Ibid.*, p. 266.

Naturally the fall of the rouble has presented one of the most difficult problems for wages paid in money. This has been partly met by the creation of the "goods rouble," designed to guarantee the worker against a fall in real wages and similar in concept to the idea of the commodity dollar. The State Economic Planning Commission (the Gosplan) inquires into the budgets of workers and the cost of goods in roubles is periodically ascertained. The unions aim to make collective agreements in terms of "goods roubles." In June, 1923, it was reported that 43 per cent of the wage agreements of the leather workers were made in "goods roubles" and also the greatest number of those of municipal workers."

The Right to Strike. Strikes have accompanied the process of maintaining wage standards in Russia just as in other countries. Some of these have occurred in the nationalized industries. The Fifth All-Russian Congress of Trade Unions declared in September, 1922:

The right to strike exists in principle both in private and state undertakings. It is recommended, however, that it should only be exercised as a last resort, after all methods of conciliation have failed.

There were reported to the Congress 102 strikes involving 43,000 workers during the first eight months of the year." Abraham Lozovsky, of pronounced communist sympathy, clearly justifies the strike method, even in state enterprises. Writing for the Russian number of the *Survey* in March, 1923, he said:

Yet in spite of the fact that the Russian proletariat has at its disposal weapons not possessed by the workers of other lands, the Communist looks upon freedom to strike as the strongest weapon in the arsenal of the workers.... In so far as state enterprises have become commercialized.... the trade unions have resumed their normal function of protecting the interests of the workers also, if need be, against the state as employer..... In Russia, owing to certain conditions, the soviet state suffers from shortcomings and bureaucratic perversions against which the working class may well fight by means of strikes..... conflicts between the economic organs and the trade unions are, of course quite possible, and in so far as such conflicts will arise, they will have to be solved by special organs and bodies; if they are not solved by peaceful means, direct action by the unions against various organs of the state is not out of the question.

Present Problems. It is safe to assume that trade unionism still has a long lease of life in Soviet Russia. Identified as it is with the political organization of the country, it is nevertheless distinct. It is the means of expression for the interests of the workers as producers in contrast with (sometimes in opposition to) the interests

¹²*Russian Information and Review*, vol. II (June 16, 1923), pp. 567, 568.

¹³*Ibid.*, vol. II (June 30, 1923), p. 602. In June, 1923, the International Labor Office gave out figures showing a total of 123,537 workers involved in the first nine months of 1922 and stated that industrial disputes had increased as the year progressed.

of the people as *consumers*, organized in the soviets. The unions have stopped far short of the powers and responsibilities in production assigned to the guilds in the theoretical structure of English guild socialism for example, but they do definitely serve the interests of the workers in the organization of an actual socialist state. For this reason they will continue to exist until those interests are served in some other way.

The future depends upon the solution of many and serious problems, some of which belong primarily to the prevailing economic conditions while others are more directly involved in the working out of the political government. In the first group belongs the continued depression of the workers' standard of living. The low wage scales have been discussed at some length. Unemployment has been general. Large percentages of the workers registered in the labor exchanges are reported idle. In February, 1923, the workers unemployed in Petrograd reached 23 per cent of the total and in Moscow and Moscow District, 25 per cent." The trade unions, "working in conjunction with the Commissariat for Labor and the government departments and local authorities concerned" play an important rôle in the excellent relief measures which are being carried on. The unemployment insurance schemes bear the impress of the most advanced thought on methods of unemployment relief, but they have only recently been introduced and the benefits are pitifully small even when supplemented by the mutual aid funds of the trade unions. The undercapitalized Russian industries are even less able than those of other countries to carry unemployment as a charge in such a way as to guarantee uninterrupted income to the workers.

Few things are more fundamental for the success of those who would make themselves responsible for continuous work and continuous income than an understanding of the part of capital in modern industrial organization. To many trade unionists the rôle has been obscured by the fact that the slow accumulation of capital goods has taken place under a form of capital ownership identified with abuse, with the prostitution of the interests of the workers by the greed of the profit taker. The problem of the Russian experiment is not only to secure capital for the improvised industries but to provide for the growth of capital on a scale which can keep pace with the need for it in industries which must support an increasing population with a rising standard of living.

In connection with the political structure and the political policy, Russian trade unions have important problems which they have not squarely faced. First among these is the antagonism between the

peasants and the industrial workers. The peasants were won over to the Bolsheviki by land concessions but there has never been a real alliance and the peasants continue to be the despair of the communists and the trade unionists. They have not unreasonably resented the taxation measures which have pressed much more heavily upon agriculture than upon industry and which have been out of all proportion to the public expenditures made for agriculture. Their lack of coöperation in the communist program is attributed to their isolation and to their individualist psychology, and they have been made the object of special educational propaganda, without the desired results.

The roots of the opposition should now be probed. They are deeper than they are ordinarily understood to be, for they are to be found in the far-reaching differences of economic interest between the peasant and the factory worker. The peasant desires high prices for his agricultural products. But these same products form the largest item in the budget of the factory worker who is struggling against the high cost of living. The factory worker desires high prices for manufactured products from the sale of which his wages are to be derived. Here is a diversity of interest and a class struggle which apparently has a permanence that has outlived the struggle between the proletariat and the bourgeoisie. Yet its significance has been missed in Russia because of the general preoccupation with a more well-known formula.

Lenin, one of the few who have realized the seriousness of the problem, stated it as follows in a speech before the Third All-Russian Congress of Trade Unions in 1920:

The interests of the workers and the peasants do not coincide. We are faced with a difficult period. We are also confronted with a moral problem—to prove to the peasantry that there is no alternative—that they are either definitely with the workers, assisting the proletariat, or they return to their old condition.

Earlier in the same speech, Lenin had said:

We are conducting a class struggle and our aim is to abolish classes; so long as there still exist two classes, those of peasants and workers, socialism cannot be realized, and an irreconcilable struggle goes on incessantly. The chief problem is how under the conditions when one class is carrying on the struggle, to attract the laboring peasantry, to defeat or to neutralize it or to crush its resistance with the aid of a strong government apparatus involving all of the measures of compulsion.

The real solution will put the emphasis on the actual character of the opposing interests. It is not a solution to remind the peasants that their status was formerly worse. They are interested in their present status, as compared with that of the industrial workers. Nor would it be a solution to deprive them of the land, so that they would

no longer be "half workers, half owners." That step would not reach the heart of the problem. Factory workers, for instance, no longer own tools, but they are still dependent for their income upon the sale of the product made by the tools, and recognize the fact that their interests are affected by the conditions under which the sale of the product is made. The clash of interests is more fundamental than the question of ownership.

Other antagonisms are repeatedly coming to the surface. They spring up between groups of workers in the same industry, as is shown by the classification of "proletarian" and other workers; between groups of workers in different industries; and between workers in a particular industry and the large group of consumers. It is at this point that the political philosophy and the economic tenets employed need illumination and reformation. The ghost of the state may be laid ever so magnificently in communist literature, but it will walk again in the organized resistance of the whole body of consumers.

Illustrations of these antagonisms have recently been put before American readers in Mr. Savel Zimand's informal account of conferences between Bugdanoff, Commissar of the Supreme Council of Public Economy, and trade union representatives. The Commissar is reported to have said:"

Some trade representatives demand that the workers in the whole nation should be paid uniform wages. That is impossible. For unskilled labor, yes, but for skilled labor, no! It must depend on whether the individual factory pays or not. If the plant has a large deficit it is really impossible to pay a skilled worker employed in it the same wage as a worker in another factory which produces well. Moreover, it is not right for the representatives of a trade union to make such a demand as that which was made by a trade union representative of Boguslavsky that by the 26th of September wages should be raised, otherwise they would strike. Workers in a soviet republic should not make such demands.

Another source of difficulty is the jealousy with which the districts regard one another. The reports of a conference on the Ural industries, for instance, as quoted by the same writer, show the vigor with which the contests for coal and rails are conducted by the representatives of the Ural and the Donetz areas.

The failure to analyze problems and the failure to define and to distinguish clearly the functions of the organs of government and the trade union bodies is not due to a failure in frankness as to the existing state of affairs. Though the reader of the official literature may sometimes have the impression that the wish is father to the thought in the generalizations made, he is more often impressed by the amazing frankness in the reporting of actual conditions. There is little or

"Savel Zimand, "Labor's Task Where Labor Rules," *Survey*, vol. XLIX (March 1, 1928), p. 722.

no attempt to make the circumstances appear better than they are or to belittle the magnitude of the tasks ahead. In this recognition of the difficulties present and in the rare optimism which has endured through years of revolution and famine, the real promise for the final accomplishment of the tasks which face labor in Soviet Russia is to be found.

But no amount of optimism can take the place of a searching analysis of accumulating experience. The economic interpretation of history must be continued. If, instead of learning the lessons of the revolution, the workers' government looks for guidance solely to doctrines developed in the middle of the nineteenth century, the obstacles ahead will not be overcome.

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HOBSON'S "ECONOMICS OF UNEMPLOYMENT"

Economic theories may be placed in four groups according to the remedies proposed for unemployment and business depression, as follows: (1) reduction of wages, (2) reduction of profits, rent and interest, (3) free banking, and (4) bank regulation. Each of these proposed remedies goes back to one of four factors in the modern economic process which the particular group sets forth as its most important factor, though all of them are essential to the process. These factors are, in the order of the remedies mentioned: (1) the production and consumption of goods, (2) inequality of private ownership of the goods, (3) exchange and alienation of titles to the goods, and (4) the promises of banks and business men to deliver goods or pay an equivalent value in the future. Starting out with one of these factors as the most important, each group develops the implications of that factor and thus arrives at one of the four types of remedies.

The production and consumption group, with its remedy of wage reduction, begins with Ricardo, followed by the assemblage of those who find their explanations of business depressions in the natural or unavoidable operations of demand and supply under the influence of costs of production, and may be known as the classical, neo-classical, laissez-faire, or business economists.

The inequality-of-ownership group of theorists, with their remedy of reduction or elimination of the rents, profits, and interest that arise from inequalities of private property, have, as their outstanding economist, Karl Marx, followed by the entire socialistic school, the leading modern representative of which, from the standpoint of economic theory, is J. A. Hobson.

The exchange and alienation theories, with their remedy of free banking or paper money, based on a concept of money as a kind of transferable title to property like a warehouse certificate, start with Proudhon and the anarchists and find their recent representatives in Major Douglas,¹ Henry Ford and Thomas Edison, who adhere to private property with its inequalities, but find their explanation of business depression in the arbitrary restriction of the supply of money by a bank monopoly of credit.

The bank regulation group, with its remedies of stabilization of prices, proceeds from McLeod and Juglar in the decade of the fifties, to Fisher, Cassel, Hawtrey and the more recent writers, Foster and

¹J. A. Hobson, *The Economics of Unemployment* (Macmillan Company, 1923). Page references in parentheses, unless otherwise designated, refer to this volume.

²C. H. Douglas, *Economic Democracy* (1920).

Catchings,¹ who find their explanations in the discrepancies between the production and consumption of goods and the promises of business men and banks to pay the prices of those goods in the future.

It must be remembered that modern economic theory originated not so much in the work of Adam Smith as in the debates between Ricardo, Malthus and their friends, respecting the condition of England after the Napoleonic wars. It is in the letters of Ricardo to Malthus (1813 to 1823) and in the *Principles of Political Economy* by Malthus (1821) which is evidently the reply of Malthus to Ricardo, that the modern theories of economics and the corresponding remedies for trade depression find their origin. Much of their discussion turned on the measure of value, and, as pointed out by Wieser and Whitaker, they did not clearly distinguish between a measure of value and a cause of value. A measure of value is an arbitrary unit, hit upon by custom and standardized by law, having a divisible attribute similar to that of the thing to be measured. But a "cause" of value may be found either in the costs of production or the wants of consumption, and Ricardo took the former while Malthus took the latter.

Ricardo, by his process of averaging, found that the labor cost was the essential cost both of money, the measure, and of commodities, the things measured, and that the values resulting from the same cause moved on in substantially parallel lines. This being so, money could be eliminated from economic theory, as well as the wants of consumption which are incommensurable and insatiable, and economic theory could be satisfied with the relative labor costs of production of commodities.

By eliminating money he eliminated what, for Malthus, were the most essential phenomena, namely the *changes* in values of commodities occurring in disastrous periodic cycles. But Malthus, while criticizing this elimination of money, nevertheless himself practically eliminated it by picturing money as the symbol of demand and resolving it into the effective demand of property owners for the products of labor. Money became, for each of them, a merely nominal value, while the real value back of money was in the field of production and consumption.

Hence they reached opposite conclusions as to the remedies for unemployment and business depression, each, however, in the field of production and consumption. Ricardo attributed the depression following the Napoleonic wars to the obstinate refusal of wage-earners to accept a reduction of real wages, which refusal made it impossible for employers to hire them and make a profit at the reduced exchange values then current for the products of labor.⁴ But Malthus attrib-

¹W. T. Foster, and Waddill Catchings, *Money* (1923).

⁴Letter to Malthus, July 21, 1821.

uted the depression to the refusal of property owners and governments to employ laborers on "unproductive" work; that is, upon work that did not come upon the competitive markets where it would reduce prices. For him, the depression was owing to the excessive stimulus previously given to production of competitive products, and this could be remedied or prevented only by such "unproductive" consumption as taxation for public highways and other public works and the "unproductive" consumption of landlords and wealthy people in the improvement of their estates and the employment of "menial" servants.

Ricardo was greatly alarmed at Malthus' proposal to increase taxes at the very time when business was depressed, and it will be seen that his remedy, the reduction of wages in order to stimulate profits, was exactly the opposite of Malthus' remedy, an increase in the demand for labor in order to stimulate consumption.

It was inevitable that, in course of time, the Malthusian remedy should take a different turn when expounded by spokesmen of the laborers. If unproductive consumption depended upon the will of property owners and governments it was a hopeless expedient. But if the laborers themselves became both property owners and government, then they could employ their resources directly in consumption and thus maintain the demand for labor. This was the turn taken by Marx whose use of the Ricardian theory of value was simply a metaphysical dress for a plan of substituting control of consumption by laborers for Malthus' control of consumption by governments and property owners. While, with Malthus, depressions were owing to overproduction and underconsumption by both property owners and governments, with Marx they were owing to overproduction by property owners and underconsumption by laborers.

The modern representative of this view, eliminating the superfluous and untenable Ricardo-Marxian theory of value, is J. A. Hobson in his *Economics of Unemployment*. He starts with the idea of "a limited market," or lack of demand, common to all theories. His argument, differing from that of Marx, turns on the periodicity, or cyclical occurrence, of depression and unemployment. He rejects or minimizes the effects both of wars which merely dramatize the cycle (p. 15) and of credit which merely anticipates the expected failure of effective demand (p. 27). The key of the explanation is the failure of consumption. "The orthodox economist [that is, the Ricardian economist] is convinced that overproduction is impossible and that underconsumption is equally absurd." The economist confines his attention to the "stoppage of industry, which he rightly diagnoses as underproduction. . . . But this state is the product of an excessive activity preceding it. Overproduction, congestion, stoppage, is the visible order of events" (pp. 31, 32).

The question, then, is "why does consumption fail to keep pace with increased powers of production? Or, conversely, why do the powers of production increase faster than the rate of consumption?" (p. 32). The explanation is "the normal tendency to save a larger proportion of income than can effectively and continuously function as capital" (p. 35). This is due to "conservatism in the arts of consumption" and "inequalities in the distribution of income." The income of the wealthy is greater than they can consume, according to their standards. So far the explanation is exactly Malthusian. The next sentence makes it Marxian: "Any approximation towards equality of incomes would reduce the proportion of income saved to income spent" (p. 37).

Mr. Hobson hastens to explain that by oversaving he means "solely the proportion of saving to spending," and not "any fixed limit to the amount that can be serviceably saved" (p. 37). And he then contrasts what may be distinguished as the space and time dimensions of the economic proportioning of factors: "Just as waste of productive power admittedly occurs by misapplication of capital, skill, and labor, as between one trade and another, or one area of investment and another (too much applied here, too little there), so income as a whole may be wastefully applied as between purchase of commodities and purchase of new capital goods. . . . In other words, consumption is the final link in a chain of economic processes, each of which should be kept in accurate proportion to the preceding ones, unless stoppage and waste are to occur" (pp. 37, 38).

The "orthodox economist" objects that "the natural result of a process of equalization of incomes" would be "undersaving," in the sense of "a refusal to save enough to realize the enlargements and improvements of the machinery of production that are required to furnish a larger output of commodities for a higher standard of a growing population." He meets this objection by distinguishing between a large proportion of a small income and a small proportion of a large income. The total national income would be greatly increased if labor and capital were continuously employed. "Under such circumstances, although a smaller proportion of the larger income might be saved, and a larger proportion consumed, the actual amount of saving might be as large as or even larger than before, and, being more fully utilized as capital, might maintain as high a rate of economic progress as before" (p. 40).

The solution, then, resolves itself to this: equalization of incomes will have a double effect—it will increase the total production by keeping labor and capital continuously and fully employed, and it will maintain an accurate proportion between saving for future con-

sumption and spending for present consumption, so that there will be neither oversaving nor undersaving.

Evidently Hobson has stated correctly what is wanted and what is agreed to by all of the four types of theorists, namely, continuous full employment and not too much nor too little saving. The question turns not only on the remedy of equalization of incomes, but especially upon the mechanism by means of which the remedy will operate. Karl Marx and Lenin provided definitely a mechanism. If the state takes over the management of all industry, thereby fixing wages, prices and jobs, evidently it can perform the process of "saving" by merely detailing a certain proportion of laborers to the production of machinery, buildings, railroads, and so on, another proportion to the production of raw material and manufactured goods, another proportion to the wholesaling and storage of goods, another proportion to the retailing of goods. This mechanism would doubtless break down under democratic control, but might continue under a successful dictatorship.

Hobson's mechanism also calls for a thoroughgoing action of government in all lines of industry: an obligatory minimum wage in all employments, government ownership or at least control of wages, prices and other conditions, and taxation of surplus earnings (p. 115). These governmental remedies, we may agree, are advisable, insofar as practicable, as remedies for the inequalities of income, but not for the kind of oversaving that grows out of the fluctuations of prosperity and depression.

The present methods of capitalism provide a definite mechanism for savings, not dependent upon the will of individuals or wisdom of governments. Henry Ford, the Standard Oil Company, the U. S. Steel Corporation and others large and small, build up the equipment of industry out of the margin between the costs of labor and the prices charged to consumers. It is, indeed, a kind of dictatorship, through private property, in that it is effective because the laborers and consumers have no voice in raising wages and reducing prices. When the government starts in to dictate wages and prices, the railroads, for example, have great difficulty in obtaining enough capital for extensions. Savings are very largely a matter of wage and price fixing and there is a capitalistic mechanism based on private property and dominated by competition and fear of bankruptcy that practically forces savings to be made. However badly the mechanism works, it is an automatic mechanism that does not depend either upon the wisdom of government or upon admonitions as to how or how much a person ought or ought not to save or spend his income after he gets it, in order to furnish continuous employment by not oversaving or under-

saving. The mechanism actually fixes his income before he gets it, and one of the factors in the mechanism that fixes that income is the necessity and foresight of saving for extensions, improvement of plant and insurance against accident, contingencies, loss of markets, fluctuations in prices, and bankruptcy. Saving is not optional; it is compelled in order successfully to work the mechanism of private property.

Yet Hobson's criticism of the complacent arguments which the business economists used in denying any possibility of evil in the capitalistic mechanism of saving is sound. Oversaving, they said, was impossible, because any tendency to it was corrected by a falling rate of interest; and overproduction was impossible because any tendency to it was corrected by a fall of prices stimulating increased consumption. Admitting these checks, replies Hobson, they are too slow in their operation as a preventive of overproduction and gluts. This is because new capital added each year is such a small fraction of the total capital—only 5 to 6 per cent—and because a change in the rate of interest does not affect materially the inducement to save even that small fraction (pp. 51, 52).

It certainly also can be said that Hobson's governmental remedies of minimum wage, price fixing and taxation are too slow to prevent overproduction and gluts.

But Hobson's principal criticism of the business economists is that their remedy of reduction of wages in time of depression overlooks the preceding lag of wages in time of prosperity. And it is in this preceding lag of wages that Hobson finds both the incapacity of consumers to purchase products and the oversaving and overconstruction of plant by capitalists which makes "towards a rate of production visibly greater than is able to find a profitable market" (p. 68).

It is by introducing this modern notion of "wage-lag" that Hobson separates himself from both the Malthusian and the Marxian as well as the business explanation of depressions. The early socialist, anarchist, and classical explanations had no concept of a business cycle, an outstanding feature of which is the wage-lag. They did not distinguish between a cycle and a panic, or between a "trend" and a cycle. They pictured a crisis as an event accompanying a period of falling prices, owing to reduced costs of production through technical improvements, and the panic, or crisis, occurred therefore as a more dramatic slump in a downward trend of prices.^{*} This, we now know, is not the correct picture. The crisis occurs at the culmination of an upward movement, and, since the period of bank reform of 1844 in England and 1913 in America, the panic-and-crisis feature has been eliminated so that the cycle stands out more clearly than it did.

^{*}Of. Commons, McCracken and Zeuch, "Secular Trends and Business Cycles," *Review of Economic Statistics*, Oct., 1922, p. 8F.

Hobson has the correct picture of the cycle, which preceding socialistic, anarchistic, and capitalistic theories did not have.

But this picture nullifies at once the theory of inequality of incomes as the "cause" of the depression or cycle. The inequality now becomes a *result* of rising prices and wage-lag, not of private property. It is "inequality," indeed, but it is a different kind of inequality. It is a periodic inequality rather than what Hobson would call the "normal" inequality of private property. If the general level of prices could conceivably be stabilized by banking and currency reform, then this kind of inequality would not occur at all. There would be no periodic rise of prices and no periodic wage-lag. The other kind of inequality—"normal inequality"—would continue.

This double meaning of "inequality" is really a confusion of the concept of "wealth and poverty" with that of "prosperity and depression." Wealth and poverty pertain to the *distribution* of existing income between classes and industries. Some are wealthy, others poverty-stricken. But "prosperity and depression" pertain to a fluctuating process over a period of time. At one time both the rich and the poor are fully employed—at another time both rich and poor are unemployed. There might conceivably be the greatest extremes of wealth and poverty, as in the case of the slave-holding states or of Germany at the present time, but no cycles of prosperity and depression. Everybody might be fully employed and business continuously profitable, and yet accompanied by the greatest conceivable inequality of incomes. And, conversely, there might conceivably be perfect equality of incomes accompanied by cycles of prosperity and depression, that is, of full employment and unemployment. This certainly would occur with Hobson's slow-acting governmental regulation of wages and prices and taxation of surplus incomes. Equalization of incomes is advisable for other reasons, but not as a remedy for cycles of prosperity and depression.

This brings us to the two other groups of remedies and theories, the alienation-of-title group and the bank-regulation group. Hobson devotes a chapter to each. The alienation-of-title group, in its modern form, is represented by Major Douglas. Its remedy has always been a large supply of money, issued, not by banks in the ordinary sense, but by the producers of commodities themselves, and then certified either by a mutual association of producers, as Proudhon proposed, or by an equivalent issue of government money, as Peter Cooper, the Greenbackers, and Thomas Edison proposed. Its theory is practically that of a warehouse-certificate concept of money whose transfer alienates the property, instead of an exchange-value concept of money whose expenditure purchases the property.

Hobson agrees with Douglas, as indeed all groups agree, on "the

failure of consumption, or effective demand, to keep pace with potential and actual consumption" (p. 119). But Douglas finds this failure in the refusal of those in possession of monetary power to purchase consumable goods because they prefer to apply it to buying non-consumable, that is, capital goods. This is a version of the doctrine of Proudhon and the paper-money theorists that there is not enough money in circulation to purchase the quantity of goods produced or producible by the existing amount of capital equipment. Douglas gives to the theory a novel turn by his analysis of costs in relation to the credit system. The money representing costs of production has been already spent as wages, salaries and dividends at the time of production, leaving only a small fraction to purchase the commodities themselves at the later date when they come on the market in consumable form. Douglas thus explains the lack of money in hands of consumers by the fact that bankers make their advances, not to consumers, but to manufacturers on factory account, overhead charges, purchase of raw material, wages, etc. They do not finance consumption—they finance production.

This is readily answered by Hobson in showing that it is not the wages paid for producing a particular commodity or in paying for its overhead, raw material, etc., that are used in purchasing that same commodity afterwards, but that it is the wages currently paid to other producers of other commodities. If all industries are moving on continuously, then, of course, the producers of machinery and buildings are purchasing the finished products of the producers of clothing and food. The defect is not in a disproportion of money to production and consumption, but in the disproportion of consumption to production through the lag of wages. There is money enough available for the actual process of production and consumption—the difficulty is in the process itself.

It is significant that Hobson does not criticize Douglas on the weak part of the anarchist and paper-money analysis, namely, its concept of money as a kind of warehouse certificate whose supply should not depend on gold or bank monopoly, but should be increased in similar proportion to the increased physical quantity of commodities. This is evidently because Hobson looks on fluctuations of prices mainly as a result of inequality of incomes and therefore overlooks the rise of prices that would accompany the Douglas plan. He agrees with Douglas on the "dangerous power" of the banks in calling in their money and refusing advances and thus stopping trade and causing unemployment and underproduction (p. 126), but he does not consider the preceding over-advances of credit with rising prices as an equally "dangerous power."

It is characteristic of Hobson and the school that bases its explana-

tion on the distribution of wealth that the modern banking system is significant, not as an appreciable factor in business cycles, but only as a new and large factor in the distribution of wealth and poverty (p. 108 *passim*). The "misuses and excesses" of commercial credit "exaggerate" the cyclical fluctuations, but the "normal" use of bank credit has little or no effect on the cycle. This was also the view of the classical economists. It is with Hobson again the lag of wages behind prices that is paramount, and hence the characteristic feature of bank credit, the changing ratio of bank credit to bank reserves, receives no mention whatever.

In contrast with Hobson may be set forth the recent book on *Money* by Foster and Catchings, representing the up-to-date theories of the bank-regulation group. I shall only briefly mention their main lines of argument without attempting to state the qualifications or cautions which they introduce. The earlier bank-regulation remedies of Juglar, McLeod and their followers attributed crises and depressions to the "misuse and excesses" of bank credit, just as Hobson attributes their "exaggeration" to that source. But Foster and Catchings attribute the cycle to the normal operation of bank credit. Money, with them, is the center of economic theory, instead of an afterthought, and they substantially agree with Hawtrey that the trade cycle is a purely monetary phenomenon (p. 12). After a brief discussion of the several functions of money (including bank credit), they settle upon the distinction between a "measure" of value and a "standard" of value, the latter being the central idea of the book. "When money is on a gold basis, it is a standard of purchasing power for one commodity and only one. As long as the gold basis is adequate, the power of money to purchase gold does not change. This is an advantage to dentists and goldsmiths. . . . for the purchasing of gold. But not for anything else" (p. 43). "A gold basis evidently does not stabilize the purchasing power of the superstructure of paper certificate and bank credit" (p. 46). Yet the preservation of the gold standard is essential. Only by admitting its instability as a standard of value and thus correcting the instability as far as possible, can sound money be preserved against the attacks of Douglas, Ford, and Edison (p. 52 *passim*).

Here, then, we return to the discussion of Ricardo and Malthus as to the proper measure of value. They debated whether the labor embodied in commodities or the labor commanded in exchange for commodities was a preferable standard of value. Now it is discovered that the index number of prices is the proper standard of value. The whole question of prosperity and depression turns out to be located in the field of mensuration, and not in that of production, consumption, private ownership or bank monopoly. Governments have not yet

adopted a standard uniform measure of value, the index number of prices, for the guidance of banks in issuing and withholding credit. Hence the volume of money, that is, bank credit, does not exactly correspond to the volume of trade, resulting in a general rise of prices by an oversupply of credit, followed by a general fall of prices when the reserve ratio has reached its limit of safety.

In line with this modern view of the bank-regulation group, most of the phenomena of overexpansion, oversaving, contraction and underconsumption can be explained by the instability of the existing measure of value. Indeed, a new meaning of the word "saving" itself comes into view. The oversaving is the result of the rising prices that ensue from an unstable measure of value. While prices are rising because the standard of value is shrinking, business men stock up with inventory and enlarge their plant in order to anticipate the higher prices. When prices are falling, they unload. Oversaving now becomes periodic rather than "normal," as pictured by Marx and Hobson. It is practically forced upon business men in order to meet the rising prices caused by an unstable unit of measurement. This is "saving," indeed, according to the economic definition of saving as the purchase of plant and inventory instead of consumption goods, but it proceeds from rising prices and bank credit rather than from a normal or permanent inequality of income. Not only does the wage-lag permit it, but all lags of prices are of its essence. To name it "oversaving" as Hobson does, is again to confuse the phenomena of wealth and poverty with those of prosperity and depression. It is more properly compulsory overspeculation upon an unstable measure of value than oversaving upon inequalities of income.

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THE TEACHING OF COMMERCE AND ECONOMICS¹

In his last annual report, President Lowell stated that upon graduation from Harvard College, thirty-five per cent of the class of 1896 engaged in commerce and industry, while two decades later fifty-five per cent of the graduating class entered upon a business career. This changing situation, which is typical of most colleges and universities, presents in concrete form the responsibility and duty of our higher educational institutions. We have passed that stage where undergraduate work in the first two years of college consists mainly of rhetoric, mathematics, Latin and Greek. Why is our education becoming more utilitarian? Should our collegiate instruction be predominately cultural or professional, and where should we draw the line? Have we any obligation to prepare students specifically for their probable vocations? The insistent demand from the outside community for specialized and advanced training in business principles and practice led to the establishment fifteen years ago at Harvard of a strictly graduate school of business administration. Thus our oldest university recognized its inability to provide an adequate preparation for business in the other departments of the university, and at the same time accorded business the standing of a profession alongside that of the ministry, law, and medicine.

At the present time courses in commerce are offered in the majority of colleges and universities, but the scope and contents are heterogeneous and seem to have no static place. They start in almost anywhere in the undergraduate curriculum and end almost anywhere. They are new, and they are handicapped by lack of well-qualified teachers as well as by a dearth of illustrative materials. They have yet to attain equal merit among the variety and multitude of subjects available to the college students. They have been subject to trial and error, or as James Harvey Robinson might express it, to "fumbling and success." We hope that they are poor imitations of the courses that are to be; but inadequate and unsatisfactory as they are, they are here to stay since business men, apparently well entrenched on the boards of trustees, are critical of the American educational system, regarding which they state that too many teachers are bookish and out of contact with living things and that the student product covering a period of four years has little to show for the lavish expenditure of time and money. It is no exaggeration to assert that the introduction of courses in business is the most startling development during the twentieth century in American higher education.

¹Paper read before the Pan-Pacific section, World Conference on Education, July, 1923.

What of the teaching of economics as a partial or complete substitute for higher commercial courses? The answer is simple. Economics is no more inclusive of commerce than is mathematics of engineering, or biology of medicine, or ethics of law. The subjects are distinct. They should be mapped out under a unified plan but under the administration of distinct faculties and as far as possible by faculties in which there is no duplicating personnel. These points cannot be too strongly emphasized. Our experience of the past fifteen years has taught us that there is an entirely different spirit behind the courses in economics and those in business subjects. In the teaching of political economy, the fundamental considerations relate to questions of production, exchange, and price, viewed largely from the writings of a few individuals who have reasoned brilliantly but abstractly. The economist is interested in public policy, in external relations, and professes scant knowledge of or interest in business problems. On the other hand the business man's entire concern is with policies governing business management which center about the making and the selling of commodities. He is interested primarily in internal problems. To date he has given too little attention to the external relations such as the formulation of the business cycle, but he has learned that generalities do not satisfy his needs for the facts and administration of his particular enterprise. Fundamentally, therefore, economics and business must be approached through distinct types of courses and by different types of instructors, yet with a sense of real interdependence.

The methods to be employed in the teaching of the principles of economics are in constant dispute. Should this basic course come in the freshman, sophomore, or senior year? Should it be conducted on the case method? Should it include the "new economics"? These and other controversial questions call to mind the University of Chicago Conference of 1911 on the teaching of economics in the United States, when the select committee concluded that "unmistakably there exists today a widespread dissatisfaction with the way in which the subject is presented, a dissatisfaction which is even stronger among the teachers than among the taught. In part this is due to the fact that we do not know what to teach, do not yet know what the facts and principles really are." The economist, therefore, has problems of his own which are more than ample to consume all his intellectual efforts.

For the business student, necessary assets are a knowledge of human and physical geography, commercial and industrial history, political economy, transportation, accounting, finance, and the ability to express oneself clearly and accurately in one's native language. The King's English is deemed by most persons a fit subject for outrage. Especially desirable is it not only for the title but also for the scope

of courses to be more clearly defined. Classes in rural economics, corporations, railroads, investments, and statistics are engaged in study from numerous angles. Greatly to be deplored is the lack of sequence in economics and in business courses, as well as the tiresome repetition of discussions of the tariff, panics, and federal legislation in the courses of elementary economics, economic resources, industrial history, banking, corporation finance, public finance, and transportation.

To teach economics and business, different types of instructors are necessary. For the former, a thorough general education followed by specialized study in economic theory and intensive research leading towards the degree of doctor of philosophy is the accepted method of pre-teaching preparation. For the teaching of business subjects, an equivalent general education is desirable, likewise to be followed by specialization and intensive research, but coupled with practical experience. There are similar demands for intellectual ability, and for keenness in discovering, marshalling, and interpreting significant facts. The economist can be an inside man. But the business teacher must be both an inside and outside individual, a time-consuming occupation especially in these early days of commercial instruction when dependable literature is scanty and when the business world is evolving rapidly; his educational perplexities are many. For the remarkable strides which have been made in our higher commercial subjects, most of the credit belongs properly to the members of departments of economics who for the most part took on their new duties with little enthusiasm and subsequently have been glad, with few exceptions, to be relieved of these courses.

In defense of business courses it should be forcibly asserted that they are 'wholly in their infancy. They possess wonderful opportunities for cultural as well as vocational study. For example, the earliest existing Greek manuscript, safeguarded in the British Museum, relates to a commercial errand. Yet what researches have been attempted in order to piece together the life and activities of the mercantile classes and the industrial slaves in the age of Pericles? Roman literature abounds in martial and political events, but we should like to know about Cicero's dealings with merchants and money changers in the Forum as well as about other subjects of sweeping moment. That we know so little of the commercial aspects of the early legends (of which many have a factual basis), spheres of influence, public finance, export and import duties, national control of shipping, and pirates may be blamed upon the early writers and those historians who have paid too little attention to past and present economic motives. Does any student doubt their tremendous importance?

Our present business education suffers from a lack of thoroughness. Here a large share of the criticism can be directed against the univer-

sity authorities, since business courses have not been given a square deal with the result that they are now judged upon an impossible basis. To illustrate, the study of Oriental commerce should originate before the year 1900. Time should be allowed for the required reading of books in general fields such as Clive Day's *A History of Commerce*, F. H. King's *Farmers of Forty Centuries*, E. A. Ross's *The Changing Chinese*, and H. B. Morse's *The International Relations of the Chinese Empire*. Also, the countries of the Far East must be studied separately. The problems of Japan, China, the Philippines, and the Netherlands East Indies are as unlike as day and night. Political geography is becoming old-fashioned; we cannot generalize about California any more than we can about China. Regional study, which can be tied up with the subjects of history, government, ethnology, and sociology, offers excellent prospects for business inquiry.

The Pacific area is particularly attractive for students, both of economics and of commerce, because the numerous races, peoples, nations, and civilizations have such clearly developed yet widely different history, psychology, and customs. Moreover, the field is an old, yet unexplored one, in which the triad of land, labor, and capital can be treated historically. Thirdly, there is the great tradition of peace on the Pacific which means more normal and better conditions for observation of valuable phenomena.

Hereafter, not only will the reporting of business facts have greater and greater influence upon the teachings of political economy, but also the Pacific lands and peoples will assist more and more in making worth-while contributions both to business, the art of wealth, and to economics, the science of wealth.

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COMMUNICATIONS

Comment on Review of Fisher's "The Making of Index Numbers"

I wish first to express my very keen appreciation of the compliments Mr. Snyder pays me and of his kindly spirit even when he criticizes adversely.

In the second place I wish to go on record as accepting part of his adverse criticism. It is clear that my book is likely to give an exaggerated impression of the unreliability of certain index numbers, notably the Statist's and Bradstreet's, and that I am partly responsible for such an exaggerated impression. I hope to avoid this in the second edition soon to be published.

The injustice done *The Statist* led to a vigorous defense by that journal (January 27, February 3, and February 10) and replies by me (March 31, April 7, and May 26) in which, while admitting and explaining my overstatement of its error, I found no reason further to modify my conclusions.

But I do not feel responsible for all of the exaggerated impression which some readers, including Mr. Snyder, seem to have received. Part is, I think, due to wrongly applying the contrasts between "worthless," "poor," "good," "very good," "excellent," and "superlative" index numbers. These contrasts are, it was carefully pointed out, far greater in the case of the 36 commodities used in my calculations than in most cases in actual experience.

The main object of my book was not to emphasize such contrasts but to show that *even* in cases of unusual dispersion of price relatives, such as of the 36 commodities in my tables, all index numbers which meet certain prescribed tests agree remarkably well. The conclusion was reached that, so far as formula-error is concerned, it can be reduced to less than $\frac{1}{8}$ of 1 per cent *even* in extreme cases and therefore *still less in ordinary cases*.

In short, my statistics and arguments were all marshalled to demonstrate the reliability of good index numbers, not the unreliability of bad ones. I did not maintain, or dream of maintaining, that the wide differences between the good and bad, as exhibited in the case of the very widely dispersing 36 commodities, were at all representative of ordinary conditions.

The less the price relatives disperse, the less do the various index numbers calculated from them disperse. Where there is no dispersion of relatives there is none of index numbers. In that case—when all commodities rise or fall in unison—all index numbers, biased and unbiased, mode, median, simple arithmetic (Statist's) and simple aggregative (Bradstreet's), of course, coincide. Thus bad index numbers, like bad boys, are perfectly good when there is no opportunity to err. But the real test of character comes with stress, *i. e.*, dispersion.

The problem of how far bad index numbers err in practice was barely touched upon in my book. I was too intent on finding the good ones, those

¹See "Fisher's 'The Making of Index Numbers,'" by Carl Snyder, *AMERICAN ECONOMIC REVIEW*, September, 1923, p. 416.

which are good under *all* circumstances. Later I hope to take up in earnest the actual behavior of the index numbers which have been most in use. It is this latter problem in which Mr. Snyder seems to be chiefly interested and on which he expresses some conclusions. After reading my book he had, apparently, expected to find enormous discrepancies between various index numbers in their ordinary course.

Now, even under the stress of the wider dispersion in my book, the (single) bias found in the arithmetic seldom exceeded 5 per cent. Why, then, should there be any surprise that for the less dispersive period, 1890-1913, the biased simple arithmetic should usually be closer than 5 per cent to the weighted aggregative? Certainly there is nothing in my calculations to justify such surprise.

But my chief objection is that Mr. Snyder *condones* the differences which he does find. Why should we ever use a form of index number subject to a known bias of even 2 or 3 per cent when we can as easily avoid it? The facts show that the bias of the arithmetic usually exceeds 2 or 3 per cent even in fair weather, while it shoots up to 5 or even 10 per cent in price storms. The index numbers which Mr. Snyder cites as usually close, differ on occasion, as his curves show, by 8 per cent, 10 per cent, and even 15 per cent.

Other examples could be cited showing how dangerous it is to put our trust in biased index numbers. In one case, in Sweden, a doubly biased index number (Palgrave's formula) reaches an error of 28 per cent!

Even in ordinary circumstances we ought to save an error of 2 or 3 per cent or even of 1 per cent when we can so easily do so; for Mr. Snyder is quite incorrect when he says of the simple arithmetic: "The truth seems to be that even this friendless mongrel of index numbers may be, if only the assortment be large enough and varied enough and representative enough, as good an index as the best that can be made."

What we need just now in index number reform is to get rid of all biased and tricky formulas, especially the simple arithmetic. After this we shall be ready to take up the question of assortment, uncomplicated by the question of formula.

I can well understand how jealously *The Statist* defends its traditional index number but surely the rest of us can commend the example of the Board of Trade in substituting the geometric for the arithmetic, and of the Canadian Department of Labor, and Federal Reserve Board in substituting the aggregative, and can advocate the exclusive use of those formulas on which we can rely when most needed.

It is curious that Mr. Snyder, after condoning formula errors of several per cent in the simple arithmetic, complains of the discrepancy for 1920 between the old (1909 weighting) and revised (1919 weighting) United States Bureau of Labor Statistics' index number because that discrepancy then reached 10 per cent. There is no "scandal" in this. The weighting of 1919 after the World War is naturally different from that of 1909 and, in a year of great dispersion, like the crisis year of 1920, a large discrepancy is to be expected. This is no reflection on the Bureau; for no

better formula than its Laspeyre's was available. The data for the "ideal" were not at hand. All this merely indicates the change of conditions which the war caused and emphasizes again the need of all the care we can exercise.

IRVING FISHER.

An Issue in Economic Theory: "The Rate of Wages and the Use of Machinery"

In the September issue of the *AMERICAN ECONOMIC REVIEW* Professor Hayes challenges the validity of what has come to be generally accepted by economists as the connection between high wages and the introduction of labor-saving machinery. It is my purpose in this note to show that Professor Hayes does not prove the accepted theory fallacious, but rather that he convicts of inconsistency some of the economists quoted, but only some of them.

Cassell, Seager and Fetter are all quoted as of the opinion that high wages lead to the substitution of machinery for human labor. Fetter, as indicated in Hayes' article, holds that "If wages rise, 'it pays' to get machinery; if wages fall, it pays to let some of the machinery deteriorate and do it more by hand labor." Johnson might also have been quoted to the same effect: "When wages rise it pays to introduce machinery that saves labor." (*Introduction to Economics*, revised, p. 252.) In fact, this is the theory that is now generally accepted by economists.

To say the least, it is questionable logic to quote Cassell, Seager and Fetter as to the effect of high wages upon the use of machinery and to attempt to prove their view wrong by quoting Marshall and Taussig in defining capital, a definition which, if accepted, would lead to the contradiction which Hayes points out. And Professor Hayes appears not to question for a moment the truth of this capital concept which he uses to refute the position taken by Fetter, for example, who subscribes to a different theory as to the nature of capital. Taussig says, "All capital is made by labor, and all the operations of the capitalist are resolvable into a succession of advances to laborers." Obviously, this cannot be true if Fetter and other economists are correct in saying that high wages mean the use of more machinery. Either it is an error to hold that the high wage leads to the use of more machinery or it is incorrect to regard all machinery as stored-up labor. And this is all that Hayes proves, namely, inconsistency in those cases in which both views are held by the same man. Defining capital as Taussig does, it would be a fallacy to say that high wages lead to the employment of more labor (that is, machines as stored-up labor). This, of course, would still allow for some shifting in a transition period before the old capital goods reflect the change in the wage level. But Hayes allows for this temporary condition. Fetter defines capital as "economic wealth expressed in terms of the general unit of value" (*Principles of Economics*, p. 115). If this is the correct view of capital the analysis of Professor Hayes does not apply. Is it not possible that the mistake lies in the Marshall-Taussig conception of capital rather than in the Fetter theory as to the relation of high wages to the introduction of machinery?

The issue involves the truth of the "law of the right proportion of factors," sometimes called the "law of balanced return." Most economists evidently mean by this law simply that an entrepreneur goes "long" on the use of those factors that are relatively cheap and that he economizes in the use of those that come at a relatively high price. But this law can throw no light upon the choice between the use of machinery and labor when the machinery is regarded as nothing more than labor that is crystallized. In such a case it would be merely a choice, for the time being, between new labor and labor that had already become incorporated in the form of machinery.

The truth would seem to be rather that the price of the machinery—and price is the stimulus that determines the direction of bidding by entrepreneurs—is determined not solely by the amount and quality of the labor that has been expended upon its production, but by a number of forces of which labor is only one. Labor is frequently a large factor in determining price. But the scarcity of raw materials which have involved the expenditure of no labor whatever in their production is equally a determining element.

Suppose, for example, a given entrepreneur has the option of hiring a man to work or of having this work done by a machine which is made of a scarce wood. It does not follow at all that the price of the wooden machine is explained wholly by the labor that has been expended in shaping the raw material into a finished product. The choice between human labor and machines in this instance is not, as Hayes suggests, one between the use of present labor and labor crystallized into material form.

But there is this much of truth in the criticism made by Professor Hayes: Just to the extent that the value of the machine is to be explained by the labor which has been used in its construction, to that degree high wages will not over a long period cause a shifting to the use of machinery. The stimulus to shift is, quantitatively viewed, more apparent than real in most instances. In giving emphasis to this point of view Professor Hayes does a service to clear thinking. It would have been nearer the truth had he maintained that high wages cause a shifting from labor to the use of machines, the degree of substitution varying inversely with the extent to which the price of the machinery represents the expenditure of labor in its production.

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Further Comment by Professor Hayes

It seems to me that Professor Fisher's first point is entirely irrelevant. As he puts it in his first sentence, my article had to do with the relation between the rate of wages and the use of machinery. The argument was, in brief, that since the utilization of machinery involves a roundabout, or a more roundabout, rather than a direct or less roundabout, application of labor, the rate of wages, considered broadly, has nothing to do with the profitableness of using machinery. I fail to see how the definition of capital is at all involved. And particularly I do not see how, "If this

(Professor Fetter's definition of capital) is the correct view of capital, the analysis of Professor Hayes does not apply." How can the relationship between the rate of wages and the use of machinery depend at all upon the definition that Professor Fetter chooses to give to the word *capital*? It is either true or not true that a high wage level makes it profitable to use machinery that could not be used profitably on a lower wage level. The validity of the position which an economist takes on this question is certainly not affected by the definition which he happens to give to the term *capital*.

Further, I fail to see, if the point is worth discussing, that there is "questionable logic" in my use of quotations. Fisher states correctly in his second paragraph the matter of the first three quotations. But he errs decidedly in saying that I attempted to prove wrong the view of Cassel, Seager and Fetter as to the relation between the rate of wages and the use of machinery "by quoting Marshall and Taussig in defining capital." That would have been worse than "questionable logic," for no one's definition of capital has any bearing on the point at issue. The quotation from Marshall was as follows, "When it is said that machinery is substituted for labor, this means that one class of labor combined with much waiting is substituted for another combined with less waiting." Certainly this is not a definition of capital. And the quotation from Taussig, which Fisher repeats, is not a definition of capital used to prove the other economists wrong. It was used, as was the quotation from Marshall, merely to lend the weight of authority to the obvious point that machinery is the product of labor.

To be sure, if an economist should discuss the relationship in question in terms of capital, his definition of capital would be significant in determining his position. But the quotations used in this case were in terms of machinery. The quotation from Seager was the only one using the term *capital*, and he used it as part of the term *capital goods*. The quotation from Fetter which Fisher repeats is clearly enough in terms of machinery. Again, how can his definition of capital apply to this point? Further, contrary to Fisher's suggestion I was not concerned in proving any economist inconsistent.

Professor Fisher's other point that there are factors other than labor that affect the price of machinery is of course true. But as was stated in the article in question, "There is perhaps as much tendency for economic friction and other than labor and waiting costs to affect the expense of the hand, or less machine, method, as the price of new machinery and the cost of operating and repairing it."

His illustration of a machine made of rare wood is perhaps not sufficiently typical to affect a general conclusion in regard to the use of machinery. But waiving this, will the factor of extreme scarcity of the raw materials of which they are made, promote the construction of machinery in case of a wage increase? The rent of such materials reflects the economic advantage of using them. If a machine made of rare wood sells for such an amount that \$50 represents the yearly cost of constructing and using it, including keeping it in repair, and if \$50 represents the rent

paid to the owner of the land upon which the wood is found, then, if the yearly labor cost of having the task done by hand is \$100, it is a matter of indifference which method is used. If wages are now doubled and if the rent factor remains at \$50, the advantage will clearly shift to the machine method. But in such a case rent would be doubled also. Competition for such material would tend to prevent any other result. Thus the point of indifference in regard to the use of the machine method or the hand method would remain as before.

Patent rights for machinery are practically of more significance, so far as Fisher's point is concerned, than are rare materials. But the economic return for these is usually adjusted to demand rather than definitely fixed by contract for long periods of time. Then, too, they may figure in a less complicated as well as in a more complicated machine process. In general, it does not seem reasonable to believe that the scarcer the materials of which machines are made, or the greater the income received by the patentees, the more marked will be their utilization when wages advance.

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REVIEWS AND NEW BOOKS

General Works, Theory and Its History

Essentials of Economics. By FRED ROGERS FAIRCHILD. (New York: American Book Company. 1923. Pp. 543.)

Introduction to the Study of Economics. By W. M. W. SPLAWN and W. B. BIZZELL. (Boston: Ginn and Company. 1923. Pp. ix, 386. \$1.72.)

Among the numerous unsatisfactory high school textbooks on the elements of economics, two excellent new texts will be welcomed. Fairchild's *Essentials of Economics* and Splawn and Bizzell's *Introduction* both follow the conventional scheme of production, exchange, and distribution. Professor Fairchild's volume covers about everything that is included in any textbook in elements of economics, and some subjects not ordinarily included, as for instance, accounts, speculation, and the use of schedules, diagrams, and graphs. The treatment of value and price and of government functions, including public finance and taxation, is particularly complete. The style is generally clear, and the questions at the end of each chapter well chosen and not unnecessarily numerous.

To a disciple of Marshall, Fairchild's treatment of value seems worthy of commendation, because it is clear, and is a reasonably consistent exposition of Marshall, with supply and demand clearly set forth, not only as explaining value in general, but interest and wages as well. The statement that "economic rent is due to the fact that the price is determined by the cost on the poorest or marginal land" seems hardly to follow Marshall, but in general there is little confusing discussion of margins as determinative factors.

On various points the book will be sure to meet criticism. It will be urged by some that it is too strongly classical, too apologetic of the present order, and scarcely fair to socialism and other proposals for the change of that order. By others it will be criticized for attempting too much. Among minor points that seem vulnerable to attack are the following: the definition of capital to include all wealth, producers' as well as consumers' goods; the definition of money as "articles of wealth and property rights which are generally accepted in a certain community in exchange for other wealth and services"; the use of the term "intrinsic value" for commodity value; the Ricardian conception of land as "lasting forever"; and a confusing use of the word rent as accruing from buildings and improvements as well as from land. On some of these points the author has the undoubted right to his own conceptions and definitions, but on some he is far from ordinary usage.

Like almost all texts in the principles of economics, the *Essentials of Economics* seems to the reviewer to contain perhaps too many hypothetical illustrations. These are generally well drawn, but some of them could be replaced by actual illustrations from the business and commercial world. Farmer A and Mr. B, and Brown and Smith play heavy rôles on our economic stage, but actual flesh and blood men, where they can be used, would surely make the play more interesting, especially to young students. For instance, in the discussion of profits, why should not some of the great profit makers of our history be brought in for illustrative purposes—Rockefeller, Carnegie, Gould, Astor, Stanford, and lesser lights as well? Illustrations of this kind would not only make the discussion more real, more interesting and informational, but would perhaps tend to keep writers, teachers and the students in closer touch with actualities.

The short bibliography at the end of each chapter can hardly be intended for the use of the students, for Marshall's *Principles of Economics* appears at the end of almost every chapter, and such authorities as Walker, Mill, and F. M. Taylor are frequently cited, while Bullock's *Elements of Economics* and Thompson's *Elementary Economics* are never mentioned. Bullock's treatment of at least one subject, international trade and the tariff, is certainly among the best brief discussions available, and the wide use of Thompson's book suggests that it has met the needs of high school students with some success. The references in this book are not well selected.

In general, however, the *Essentials of Economics* is well organized, well thought out, and clearly written, and is entitled to rank among the best of its class. There is a serious question as to whether high school students will be able to grasp portions of it; nevertheless it will probably be used widely, not only in high schools, but in colleges where elements of economics is taught to freshmen. Few of the texts in common use are better adapted to the use of college freshmen.

In the volume by Splawn and Bizzell, the chapters dealing with money, credit, and banking and those on value, distribution, and on labor problems are particularly full, while the special problems of agriculture, public finance and economic reform are treated rather briefly. There are questions at the end of each section of each chapter, and well-selected references for further study at the end of each chapter.

There are a number of points at which criticism will be offered: the rather extended discussion of land colonization, without a discussion of the tenancy situation in the United States to precede it; a change in tense (p. 167), which makes some of the earlier defects in the national banking system appear still existent; a discussion of the defects of that

system previous to 1913 which fails to include clearly the inelasticity of reserves, the inelasticity of note issue, the lack of centralized control, or the lack of a rediscount market, and so fails to lay an adequate foundation for the reconsideration of the federal reserve system; a discussion of market price, normal price, and monopoly price entirely separate from the discussion of value, as if they were unrelated; the failure to include anything on speculation; a discussion of the efficiency of American labor (p. 217) which attributes that efficiency to "intelligence and speed" with no mention of the great natural resources and capital that American labor uses; a diagram (p. 26) showing the different classes of labor, which fails to correspond to the accompanying text; the treatment of captains of industry as a "class of laborers" in one place, and as "the residual claimants" in another chapter. The introductory chapter defining economics might well be omitted, for the student should be able to learn what economics is from the rest of the book.

This *Introduction* is intended for high school use. The authors assert that the principles of economics are "no more difficult than a good many other subjects successfully taught" in high schools. The reviewer is thoroughly convinced of the practicability, even the *necessity*, of teaching economics in high schools, but some of the material in this book hardly seems adapted to "children in the tenth and eleventh grades." For instance, the discussion of the labor theory of value, with references to Adam Smith, Ricardo, and Marx, the extended discussion of the cost of production theory, and of the marginal utility theory, and finally of supply and demand, with incidental reference to consumers' surplus, class price, and some other refinements and qualifications, is surely a hard task for high school children of fifteen to seventeen years of age. The discussion of the quantity theory of money likewise seems quite beyond high school students. The quantity theory doubtless is comprehensible to young students, in its simpler forms, but to present it with many of its refinements, qualifications and modifications, and then add Professor Laughlin's theory, is to insure confusion. Even more difficult perhaps, is the question of foreign exchange, to which the authors devote considerable space, taking up even the question of exchange between countries not on a gold basis. High school students who really grasp such questions will do much better than most college freshmen do. Rent should be clearly defined, but for high school students it is unnecessary to follow the history of the term through the Latin and French etymology, and through Ricardo, Mill, Walker, Senior, Fetter, Ely, Taussig, and Laughlin.

Fortunately, the quality of most of the material in this little book is such that, even if high school students find it difficult, they will profit

from anything they are able to absorb. The book will probably be used, not only in high schools, but in colleges as well.

JOHN ISE.

University of Kansas.

The International Trade Balance in Theory and Practice. By THEODORE H. BOGGS. (New York: The Macmillan Company. 1922. Pp. 214. \$2.00.)

This book is an expansion of an article by the same writer which appeared in the *Quarterly Journal of Economics* of August, 1915, under the caption "Capital Investment and Trade Balances within the British Empire." The first chapter of the book (45 pages) is devoted to the theory of the balance of trade, the remainder to a consideration of the trade balances of the United States, the United Kingdom, Canada, India, Australia, New Zealand, and South Africa. Emphasis is laid upon the predominant importance of international loans in the determination of the trade balance, and countries are classified as: (1) immature borrowers, (2) mature borrowers, (3) immature lenders, (4) mature lenders, according to their status in the international loan market as annual borrowers or lenders of more or less money than they pay or receive in interest. The merchandise balance is correlated throughout with the position of the country as an international borrower or lender. The United Kingdom, having passed through the first three stages, is now a mature lender; the United States has but recently entered the third stage, that of the immature lender; India is a mature borrower; and Canada, till 1914 at any rate, was an immature borrower. The mustering of the international debits and credits of these countries has been the author's chief task, and his exposition of the results is clear and forceful. No new ground is broken, however, the book being essentially a compilation. The chapters on the trade balances of India and Canada reproduce, with some additions, the author's former article, while that on the balance of trade of the United States contains practically nothing which has not already appeared in the article on "The Balance of Trade of the United States," by Bullock, Williams, and Tucker in the July, 1919, number of the *Review of Economic Statistics*. Professor Boggs notes the lack of published statistics or even official estimates pertaining to certain items which enter the international balance sheet, but does not here attempt to supply this need for original investigation.

The discussion of theory is short. The author quotes Sir Robert Giffen to the effect that the balance of trade is a pitfall to the unwary, and he has himself proved the pertinency of that saying. It is axiomatic, of course, that, since every commercial dealing involves some sort of a *quid pro quo*, a balance of debits and credits is inevitable.

This is a mere matter of bookkeeping. Thus, when a loan is made, we set down on one side of the international account the actual goods, money, or services which are transmitted to the borrower, and on the other the present value of the promise which is given in return. When gifts are made, as in the remittances of immigrants to the people back home, there is no true balance, but a bookkeeping balance is achieved by setting down on one side of the account the value of the actual money or goods exported, and on the other, an equivalent item, "gifts," which represents precisely what was obtained for such goods or money, that is to say, nothing. If we are good bookkeepers we can be assured of a balance, but Professor Boggs' bookkeeping is sometimes erratic. In making up the trade balance of India, he deducts from the borrowings the value of the goods which enter India immediately as a result of the borrowing operations, on the ground that these are already counted as imports (p. 168). That the goods are counted as imports is true, *but they are counted on the other side of the account*, as debits, whereas the borrowings figure as credits. We can set them off against the loans if we like, but then we must reduce our total import figures *pro tanto*. If we are to have a balance we must have both items in or both out. The error in Professor Boggs' treatment of the Indian figures is the clearer from the fact that he does not commit it for the other countries. If he had, he would have been forced to the conclusion that there is never a "net" import of capital at all, since all international borrowing must be reflected in equivalent imports of goods, money, or services.

Now, though a balance is inevitable (bad debts being reckoned as gifts), it is by no means easy, if it is possible, to measure the terms in that balance. For with what measure shall we mete them? The money of any particular country will not do. Suppose for instance that goods to the value of \$1,000 or, at the then existing rate of exchange, £220, are sent on ninety days' credit from the United States to Great Britain. The debt is later extinguished by a counter-claim for £210 which, because of a rise in sterling exchange, is now worth \$1,000. Reckoned in dollars there is a balance, reckoned in pounds there is not. Similarly it might happen that a balance in sterling would be attended by a lack of balance in dollars. Where fluctuations in exchange are confined within narrow limits this is of no great practical importance but at the present time it is vital. A study of the trade balance of Germany would be much more significant for theory than any of those the writer has chosen.

Professor Boggs holds that trade follows the foreign investment in the sense that the volume of a country's external trade is closely correlated with the volume of its foreign investment. This is a dubious

proposition. Foreign investments will, in the long run, diminish export relative to import trade, and whether or not they will increase the total seems to the reviewer to be incapable of proof.

FRANK D. GRAHAM.

Princeton University.

NEW BOOKS

ANSIAUX, M. *Traité d'économie politique*. Vol. II, *Prix et revenus*. (Paris: Marcel Giard. 1923. Pp. 661. 30 fr.)

This is the second volume of a series of which the first, *L'Organisation Économique*, was noted in the REVIEW for December, 1921, page 665. It covers in successive parts value and price, monetary theory, interest, profit and rent, and wages. Included in the last is a discussion of trade unionism and of state intervention in labor disputes. This gives space to the Kansas Industrial Court alongside the New Zealand and Canadian laws and the Whitley Councils of England. The work continues to display a wide range of information and to give careful discussion to theoretical questions. For the most part this discussion follows familiar paths.

C. E. P.

AURICH, A. *Grundlehren der Volkswirtschaft*. (Dresden: O. & R. Becker. 1922. Pp. 40.)

BECKER, H. *Zur Entwicklung der englischen Freihandelstheorie Probleme der Weltwirtschaft*. Schriften des Instituts für Weltwirtschaft und Seeverkehr an der Universität Kiel, 35 Bd. (Jena: Fischer. 1922. Pp. vii, 166.)

BLACKMAR, F. W. and GILLIN, J. L. *Outlines of sociology*. Revised edition. (New York: Macmillan. 1923. Pp. 647. \$3.00.)

Chapters on "Social phases of production and consumption of wealth" and "Exchange as a social function" which appeared in the edition of 1915 have been omitted, and two new chapters inserted on the "Origin and development of property" and "Social results of economic activities."

BOGARDUS, E. S. *Introduction to the social sciences*. Second edition. (Los Angeles, Calif.: J. R. Miller, Univ. Southern California Press., 1922. Pp. 240.)

BROWN, H. G. *Economic science and the common welfare*. Parts I and II. (Columbia: Missouri Book Co. 1923. Pp. xiii, 273. \$3.00.)

BURKE, E. J. *Political economy, designed for use in Catholic colleges, high schools and academies*. (New York: American Book Co. 1922. Copyright, 1918. Pp. xvi, 480.)

This volume is designed to present a general view of political economy showing the Catholic doctrine "wherever the subjects enter into or touch on the domain of ethics." A summary of Catholic principles is given under three heads: (1) State legislation, wise, moderate and progressive; (2) The action and influence of the Church and Christian charity; (3) Individual and associated initiative (p. 26). In conformity to these principles the text is distinguished by: the large amount of space given to historical matter in connection with the various subjects discussed; the continual insistence on the state's duty of intervention to secure social and industrial justice; a sustained attack on socialism in all

its applications; defense and encouragement of trade unionism; rejection of the doctrine of Malthus; a consistently expressed belief that the economic ills of our society are due to faulty distribution rather than to inadequate production; and the practice of concluding each theoretical discussion with a statement of the Catholic doctrine. The temper of the book may be indicated by quotations taken from the concluding chapter on wages:

The Catholic View represents the laborer as endowed with personal dignity. He is a person possessed of certain characteristics in mind and heart, an intelligent and a free being, owing allegiance to God, raised to a supernatural order, destined to a spiritual and a supernatural end, gifted with certain inalienable rights which his fellow man must recognize and respect (p. 455).

There is enough reasonably and justly to satisfy [all the factors that have contributed to the product] if reason and justice were allowed to affect the distribution; but as a matter of fact the capitalist and the entrepreneur exact the greater share of the proceeds of production, and as a result, little is left to be distributed among the wage earners (p. 460).

The volume covers the usual range of topics, including money and banking, international trade, transportation, trusts, public finance, and insurance. The author has chosen to place his chapters on distribution at the close after the discussion of applied problems. This arrangement offers certain advantages but makes difficulties in the adequate treatment of such subjects as trusts and railroad problems.

CHARLES E. PERSONS.

CASSEL, G. *The theory of social economy*. Translated by J. McCABE. 2 vols. (London: Unwin. 1923. 42s.)

CONRAD, J. *Grundriss zum Studium der politischen Oekonomie*. Teil 2. *Volkswirtschaftspolitik*. Tenth revised and enlarged edition, by A. HESSE. (Jena: Fischer. 1923.)

CUNNINGTON, S. *Man's wants, work and wealth; a beginning course in economics*. (New York: Pitman. 1923. Pp. 186. \$1.)

DIETZEL, H. *Technischer Fortschritt und Freiheit der Wirtschaft*. Bonner staatswissenschaftliche Untersuchungen, 7. (Bonn: Kurt Schroeder. 1922. Pp. 62.)

FÄRBER, H. *Kritik der Volkswirtschaftslehre*. (Vienna: Jahrda & Siegel. 1923. Pp. 16, 101, 43.)

FAUBEL, A. L. *Principles of economics*. (New York: Harcourt, Brace. 1923. Pp. 443. \$1.60.)

FETTER, F. A. *Modern economic problems*. Vol. II. Second edition, revised. (New York: Century Co. 1922. Pp. 611. \$2.75.)

Professor Fetter's revision of his well-known text is one of the earliest to make its appearance on the market since the war which deserves the credit of being "revised." The revision is especially thorough in those chapters dealing with price movements and the changes in the currency.

He criticizes the Federal Reserve Board for its policy during the war in two particulars: for having "a mercantilist bias in favor of an artificial heaping up of gold in this country as shown in its fathering and defense of the gold embargo"; and for attaching too much importance to the maintenance of low interest rates by artificial means when the natural trend of rates was upward. He shows the consequences of this policy during the post-war period. There are many other changes in the way of

additions and rearrangements, especially in regard to tariff, taxation, transportation, and insurance.

The changes in the chapters on labor are not notable. There is no mention of the movement to give employees representation in matters relating to labor in plant management, and in such matters as the legal minimum wage and the effect of collective bargaining on wages Professor Fetter prefers to make his statements fit his wage theories in the first volume rather than to inquire as to what has actually happened.

The book makes interesting reading and the charts, diagrams, and maps are excellently done. I feel sure that it will prove to be a popular text for both pupil and teacher.

M. B. HAMMOND.

FRACCACRETA, A. *Sicurezza e insicurezza economica*. (Naples: L. Pierro. 1923. Pp. 39. 4 l.)

GARRIGUET, L. *Introduction à l'étude de la sociologie. Question sociale et écoles sociales*. Fourteenth edition, brought down to date. (Paris: Bloud. 1922.)

GAULT, R. H. *Social psychology; the bases of behavior called social*. (New York: Holt. 1923. Pp. 10, 336. \$2.)

VON GERHARDT, F. *Hauptfragen der theoretischen Volkswirtschaftslehre*. (Frankfurt: Blazek & Bergmann. 1923. Pp. 63.)

GÜNTHER, A. *Theorie der Sozialpolitik*. Handbuch der Wirtschafts- und Sozialwissenschaften in Einzelbänden. (Berlin: Vereinigung Wissenschaftlicher Verleger. 1922. Pp. ix, 476.)

HAURAND, P. W. *Das nationalökonomische System von Heinrich Pesch*. (Munich-Gladbach: Volksvereins-Verlag. 1922. Pp. 104.)

HAUSER, H. *Propos d'un ignorant sur l'économie nationale*. (Paris: F. Nathan. 1923. Pp. 206. 5 fr.)

HELANDER, S. *Die Ausgangspunkte der Wirtschaftswissenschaft*. (Jena: Fischer. 1923. Pp. iii, 122.)

HUNTER and WATKINS. *The background of economics*. (New York: McGraw-Hill Bk. Co. 1923. Pp. 514.)

KEILHAU, W. *Die Wertungslehre. Versuch einer exakten Beschreibung der ökonomischen Grundbeziehungen*. (Jena: Fischer. 1923. Pp. xii, 248.)

An elaborate dissertation on the psychology of demand and the satisfaction of it. The author protests against the determinism of modern economics, and what he considers to be the mistaken psychology on which the Austrian theory of marginal utility is based.

R. R. W.

KYRK, H. *A theory of consumption*. Hart, Schaffner & Marx prize essays, XXXV. (Boston: Houghton Mifflin. 1923. Pp. xiv, 298. \$2.50.)

LAISTNER, M. L. W., translator. *Greek economics*. (New York: Dutton. 1923. Pp. 245. \$2.)

LABRIOLO, A. *Manuale di economia politica*. Second edition, revised. (Naples: Morano. 1923. Pp. 494. 20 l.)

- LICHTENBERGER, J. P. *Development of social theory.* (New York: Century. 1928. Pp. xiii, 482. \$4.)
- LIEFMAN, R. *Grundsätze der Volkswirtschaftslehre.* Vol. I. New revised edition. (Stuttgart: Deutsche Verlags-Anstalt. 1922. Pp. xiii, 696.)
- LOYD, E. M. H. *Stabilization. An economic policy for producers and consumers.* (New York: Knopf. 1923. Pp. 140. \$1.50.)
- LÜTTGENS, C. M. und WICHL, O. *Nationalökonomie.* Dünnhaupts Studien- und Berufsführer. (Dessau: C. Dünnhaupt. 1923. Pp. vi, 60.)
- LUTZ, H. L. and STANTON, B. F. *An introduction to economics.* (Chicago: Row, Peterson and Co. 1923. Pp. vi, 533.)

The insistent demand for a book adapted to the needs of young and slightly trained readers evidently inspired the writing of this textbook. Thus it has a rather elaborate provision of aids to instruction in the form of prefaced summaries to chapters, blackfaced paragraph headings and with each chapter a list of questions and exercises, essay subjects, questions for debate and a brief list of familiar references. The content of the book shows few departures from accepted procedure. We find in successive parts: Characteristics of the present economic order; Production, distribution, and consumption of wealth; and Problems of economic and social organization. Topics covered in the last part are wisely limited. The authors consider labor questions; plans for social reform; trusts, railways and public finance.

The underlying philosophy of the book is that of Ely, Taussig, and Marshall. There is obvious evidence also of the influence of Professor Carver's writings. Space is saved, clearness attained, and the interests of immature readers advanced by confining the discussion to the straightforward presentation of one consistent body of doctrines. These are always attractively and effectively presented and stamp the authors as skillful teachers. It should be emphasized also that there has been no evasion or omission of intricate or abstruse problems. Such difficult questions as the theories of international trade, the business cycle and the theory of railway rates receive courageous treatment. And the delicate questions involved in labor matters are positively stated, though one notes a cautious handling of compulsory arbitration.

It is an ungrateful procedure to pick flaws in so carefully wrought, useful and attractive a volume, but in candor it must be set down that there is sometimes undue emphasis on abnormal features of the present situation and that the authors have sometimes been betrayed into incautious statements. In view of their carefully considered work this statement requires a supporting quotation. The italics are mine. "The labor population has scattered again since the business depression which began in 1920. There has been a very active building boom, and due to these causes there are now thousands of empty houses in most large cities. As a result, rents are coming down in spite of anything that the landlords can do to hold them up" (p. 307).

C. E. PERSONS.

- MARSHALL, A. *Money, credit, and commerce.* (London and New York: Macmillan Co. 1923. Pp. xv, 369. 10s.)

The appearance of this volume represents the English master's endeavor to complete a series of works illustrating comprehensively the

applications and ramifications of the law of the equilibrium of supply and demand. "As, in spite of great differences in form between birds and quadrupeds, there is one Fundamental Idea running through all their frames, so the general theory of the equilibrium of demand and supply is a Fundamental Idea running through the frames of all the various parts of the central problem of Distribution and Exchange." Previously the author's industry had yielded *Principles of Economics* and *Industry and Trade*. Should good fortune permit perhaps one remaining volume an ambition remarkable in its conception and development will have been fulfilled.

Of the four books in this volume the first two, Money and Business Credit, are given the most sparing attention. In both of these books the work is conceived as it should be—primarily as a task of orientation. The mistake is not made of regarding money and credit problems as situated in isolated fields of investigation, separate and apart from their relationships to trade and commerce. This part of the work, then, is not open to adverse criticism, on account of its orthodox and traditional form of treatment.

The third book—International Trade—is more ambitiously conceived and apparently has received the major part of the author's thought. Throughout this book the American reader is impressed by the extent to which English economic thought has been devoted to the consideration of national advantage to be gained by the selection of the proper foreign-trade policy. There is an attempt to formulate rigidly the concept of "elasticity of national demand" in order to permit analysis of the influence of import duties upon the terms of international trade. Several chapters are devoted to problems connected with the incidence of export and import taxes and with the benefits of external trade. The reader who delights in diagrammatic and mathematical presentation will find the most rigid thinking on these matters in the Appendix.

The final book—Fluctuations of Industry, Trade and Credit—displays, perhaps, in the author's favorite terms, a statement of the ultimate goal of economic thinking—to help eliminate the friction inherent in present financial and industrial organization so as to permit individual qualities of thrift and energy to work unhampered by social irregularities and thereby to "further the number of those who can earn a reasonable income, and thus have the opportunity of living a noble life."

American students will respect highly the dedication of a life, now somewhat advanced in age, to the arduous toil the completion of this plan necessitates. Had Professor Marshall devoted his later years to monographic studies alone, a principal virtue of his work would have been lost. It will be highly gratifying to receive from his pen another and perhaps final volume which will conclude his project of so organizing economic material as to show its complete subjection to the fundamental principle of value.

The comprehensiveness of the author's thinking is amazing. Frequently there is packed in a single obscure phrase a thought that might be expanded into a chapter. The reviewer was particularly impressed by this quality in the treatment of index numbers. From the point of view, however, of method of analysis and theoretical approach there is no attempt to build upon the foundations first laid in the *Principles*.

HAROLD L. REED.

- MENGER, C. *Grundsätze der Volkswirtschaftslehre*. Second edition revised by R. SCHÜLLER. (Leipzig: G. Freytag. 1923. Pp. xxvi, 335.)
- MORROW, G. R. *The ethical and economic theories of Adam Smith; a study in the social philosophy of the eighteenth century*. Cornell studies in philosophy. (New York: Longmans. 1923. Pp. 95. \$1.)
- NAVARRA, C. G. *Mazzini economista*. (Savona: L. Brizio. 1923. Pp. 113. 8 l.)
- OPPENHEIMER, F. *System der Soziologie*. Vol. I. (Jena: Fischer. 1922. Pp. xx, 442.)
- PANTALEONI, M. and BROGLIO, d'A. *Temi, tesi, problemi, e questi di economia politica teorica ed applicata*. (Bari: Laterza. 1923. Pp. xxiii, 351. 20 l.)
- PEDDIDE, D. E. *The order of nature in economics*. (Boston: Badger. 1923. Pp. 147. \$1.50.)
- PESCH, H. *Lehrbuch der Nationalökonomie*. Vol. 5. (Freiburg in Br.: Herder & Co. 1923.)
- VON PHILIPPOVICH, E. *Grundriss der politischen Oekonomie*. Vol. II. *Volkswirtschaftspolitik*. Part I. Thirteenth edition. (Tübingen: Mohr. 1922. Pp. viii, 408.)
- POHLMAN-HOHENASPE, A. *Die Grundbegriffe der Volkswirtschaft*. (Leipzig: Voigtlaender. 1922.)
- RICARDO, D. *Economic essays*. Edited with introductory essay and notes by E. C. K. GONNER. (London: Bell. 1923. Pp. 315.)
- ROSS, E. A. *The outlines of sociology*. (New York: Century. 1923. Pp. xiii, 474. \$3.50.)
- SCHWIEDLAND, E. *Volkswirtschaftslehre*. Vol. II. *Die Gebiete der wirtschaftlichen Tätigkeit*. Third edition. (Stuttgart: Kohlhammer. 1923. Pp. iv, 217.)
- This is the second volume of the author's large work, which is a sort of encyclopedia of economics under 43 headings. The present volume tells of the economic activities of mankind from the production of raw material to the details of credit and exchange.
- R. R. W.
- SCOTT, W. R. *Adam Smith*. (London and New York: Oxford University Press. 1923. Pp. 21. 50c.)
- The British Academy annual lecture on a master-mind, reprinted from the *Proceedings of the British Academy*, vol. XI.
- SEAGER, H. R. *Principles of economics*. Third edition. (New York: Holt. 1923. \$3.00.)
- SIEGFRIED, B. *Repetitorium der Nationalökonomie*. Third edition. (Bern: Paul Haupt. 1922. Pp. 91.)
- SILVERMAN, H. A. *The substance of economics*. (London: Pitman. 1923. Pp. 363. 6s.)
- SMITH, A. *Eine Untersuchung über Natur und Wesen des Volkswohlstandes*. Translated by E. GRÜNFELD. Vols. I, II. (Jena: Fischer. 1923.)

SOMBART, W. *Soziologie*. (Charlottenburg: Pan-Verlag Rolf Heise. 1923. Pp. 228.)

SPANN, O. *Fundament der Volkswirtschaftslehre*. Third edition. (Jena: Fischer. 1923. Pp. xvi, 382.)

STOLZMANN, R. *Wesen und Ziele der Wirtschaftsphilosophie*. (Jena: Fischer. 1923. Pp. 52.)

STRIGL, R. *Die ökonomischen Kategorien und die Organisation der Wirtschaft*. (Jena: Fischer. 1923. Pp. vii, 164.)

WEBER, A. *Das Diplomeexamen für Volkswirte*. (Jahrb. für Nationalök. und Stat., April, 1923.)

A discussion of the requirements for the diploma to be given to students of economics at the end of their high school course and of the opposition which the introduction of this diploma meets with on the part of the universities, with some reference to the doctor's degree given by the latter.
R. R. W.

WEBER, M. *Hauptprobleme der Soziologie*. (Leipzig: Duncker & Humblot. 1923. Pp. xxii, 389; vii, 352.)

WICKSELL, K. *Vorlesungen über Nationalökonomie und Grundlagen der Marginalprincipes*. Vol. II. *Geld und Credit*. (Jena: Fischer. 1922.)

ZEIGER, P. *Einführung in die Volkswirtschaftslehre*. (Leipzig: G. A. Gloeckner. 1922. Pp. vi, 106.)

Bibliographie der Sozialwissenschaften mit besonderer Berücksichtigung der Wirtschaftswissenschaften. Jahrgang 15, 1919. (Berlin: Hans Engelmann. 1923.)

Geschichte, Theorie, und Politik. (Leipzig: Teubner. 1922.)

Grundriss der Sozialökonomik. Part II in two divisions. Second edition. (Tübingen: Mohr. 1923. Pp. 309 and 220.)

This is part of an encyclopedic work on economics contributed to by forty-eight of the leading economists in Germany. The first division contains chapters by Hettner on the geographical basis of economics; by Mombert, on population, with a short but acute criticism of Malthus; by Michels, on racial characteristics; by Oldenberg, on consumption; by Herkner, on the conditions of human labor in various times and places. The second division, by von Gottl-Ottlilienfeld, contains a very detailed description of industrial management and technique, including a criticism of the Taylor efficiency system.

R. R. W.

Grundzüge der Volkswirtschaftslehre nach der Darstellungsweise des Lehrbuches von Philippovich unter Berücksichtigung der Lehren von Wieser, Spann, Grünberg für Studienzwecke zusammengestellt. (Vienna: Carl W. Stern. 1922.)

Economic History and Geography

Germany's Capacity to Pay: A Study of the Reparation Problem. By HAROLD G. MOULTON and CONSTANTINE E. MCGUIRE. (New York: McGraw-Hill Book Company, Inc. 1923. Pp. xiii, 384. \$2.50 net.)

The question of German reparations seems of so impassioning a nature that it will probably be long before even economists in a distant

land can approach the subject with a cool, impartial mind. What Messrs. Moulton and McGuire, with the aid of the council and staff of the new Institute of Economics, have endeavored to do is to go over the whole question, sift out the statistical facts, and present a conclusion. The main thesis of the book is the obvious truth that the only fashion in which a nation can make any large foreign payments, over a series of years, is through the creation of an exportable surplus. Therefore a chief portion of the work is devoted to a very able and careful review of Germany's pre-war trade and financial position, to the present status of German trade and industry, and her present import requirements and export capacity. From this extended review the authors arrive at the following judgments (page 139):

1. Since Germany now has and can have for many years to come practically no net international income from the invisible sources, her ability to obtain the foreign bills of exchange with which to make reparations payments will depend almost entirely upon her foreign trade.

2. Since the whole German economic system has developed in such a way that roughly 20 per cent of the population cannot live unless food continues to be imported and that most of the factories cannot possibly operate without foreign raw materials, the procurement of indispensable imports must take precedence over everything else.

3. The imports required to maintain the German population in a state of physical efficiency and to enable the German factories to operate at something like pre-war capacity, total in value about 14 billion gold marks, as compared with actual imports in 1922 of only about 6.2 billion gold marks.

4. German exports must therefore equal 14 billion gold marks merely for the purpose of paying for the necessary imports. In 1922 they were less than half of this total.

5. German capacity to make reparation payments continuously year after year will be determined by the extent to which exports can be made to exceed 14 billion gold marks.

6. At the present time the total of Germany's imports of foodstuffs and raw materials, combined with the total of domestic production, is wholly insufficient to support the population in a state of efficiency and to permit the operation of the factories.

7. Export markets for German goods have been very greatly curtailed since the war because of the general impoverishment of Europe and the erection everywhere of tariff barriers against German goods even by the identical countries which declare that Germany can and must pay in full.

These conclusions are supported in an extended appendix which gives in detail Germany's international trade and financial accounts, its gains from the sale of paper marks, foreign purchases in Germany, and the like. Aside from all this the authors review the problem of maintaining the German government in the post-war period and consider the causes of German currency expansion, and ask whether the policy of inflation was avoidable.

There are also excellent chapters on "What Germany has paid and

how," the reports of the Reparations Commission, "The international implications of the problem," and, finally, an extremely interesting account of the means by which France met the indemnity of 1871, revealing how radically different from now were the conditions which then made those payments possible.

It is evident that all this material has been gathered and presented with great care. Perhaps with an effort towards compression certain propositions are set down, in a rather dogmatic way, to which many economists would not readily assent. And even on the statistical side it will probably be objected that the authors have taken the figures for German trade, and especially exports, at their face value, despite the fact that the unrecorded exports of Germany throughout the entire period of the so-called "deutsche Ausverkauf" must have been enormous. From 1920 onwards Germany was overrun with hordes of tourists and buyers, attracted by the cheapness of goods, measured in foreign exchange. Her shops, her trains were crowded to the limit, but not with Germans. They were very largely foreign buyers and the writer can testify that there appeared to be no effort to collect any kind of export duties upon the personal purchases of the tourists.

The shops were filled with beautiful goods, there was evidently a high rate of production and but little unemployment, and, so far as the writer could observe, but little actual privation save among the more thrifty and cultured classes whose savings had been expropriated by the unconscionable robbery of inflation. It is the general testimony of her own people that the agrarian class has profited heavily by post-war conditions, and in many parts of Germany, especially the west, there has been a high degree of industrial activity.

Few travelers could make such an investigation and believe that Germany's real income had been cut down to such an extent as is estimated in this work. Without subscribing to any of the foolish talk about Germany's "great prosperity," it was still difficult to believe in very widespread suffering or impoverishment. The real wealth of a nation can neither be added to nor destroyed by vast additions to its currency and however upsetting it may be to business calculations, or however destructive it may be to people of small fixed incomes, it seems also clear from Germany's industrial position in the last three years that the real productivity of the nation cannot be destroyed, even by the most reckless of fiscal and inflationary policies.

A second observation would be that this book seems to propose that the course of a nation's international balances over a given period is a practical measure of its capacity to pay a foreign debt; and therefore that because Germany's pre-war balances were inadequate it could make no such reparations payments as have been demanded. The

writer is one of those to whom the Versailles Treaty seemed an utter violation of the spirit and letter of the Armistice agreement, and of good sense as well, shutting the door on any real peace in Europe for another generation at least; and the reparations assessments of the worst imaginable policy, making it difficult if not impossible for the German people successfully to set up a republican government and rid themselves of an autocratic* and offensively militaristic monarchy. Nevertheless, it seems as if this work would have gained if it had been clearly set forth that the capacity to create an exportable surplus, for a great industrial and exporting nation, is determined almost wholly by its capacity to tax its people, and that this in turn is pretty narrowly dependent upon its normal annual surplus of production over consumption.

But one point made by the authors can scarcely be emphasized too strongly. They ask, "Is the world determined to prevent an expansion of German exports?" and add:

One can find no more striking illustration of human fatuity than the demand on the part of the Allied countries that Germany must make vast reparation payments and the simultaneous erection of tariff barriers, the result of which is to make such payments impossible. The tragedy is that even yet few people realize that any inconsistency is involved.

CARL SNYDER.

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- BACHI, R. *L'Italia economica nell'anno 1921. Anno XIII.* (Città di Castello: Casa Tip-Ed. S. Lapi. 1922. Pp. xi, 460. 24 lire.)
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- BEARD, C. A. *Cross currents in Europe today.* Dartmouth alumni lecture-ships on the Guernsey Center Moore foundation, 1922. (Boston: Jones. 1922. Pp. 278. \$2.50.)
- BLANCHARD, W. O. *The geography of Illinois.* (New York: Macmillan. 1923. Pp. 64. 24c.)
- BRODERICK, J. J. *Report on the economic, financial, and industrial conditions of the United States of America in 1922.* Published by His Majesty's Stationery Office. (London and New York: Oxford University Press. 1923. Pp. 206. \$1.25.)

Practically the whole field of American industrial enterprise in 1922 is covered in this report. It contains in addition much of the history of American industries during the war period, together with a discussion of the post-war situation in this country. Although in report form, it is not merely a compilation of figures and tables; in fact, the bulk of the volume is given up to an exposition of the business situation in, and prior

to, the year 1922. The main chapters are entitled Trade, Finance, Industries and production, Transport and communications, and Labor and employment. These titles, however, do not adequately suggest the contents of the volume. The first chapter, on trade, discusses, in addition to current matters concerning imports and exports, the emergency financial measures of the United States immediately after the war, the repatriation of American securities, the investment of American capital abroad, trade propaganda, and the work of the various bureaus of the Department of Commerce. In like manner, the chapter on finance contains an interesting discussion of the budget, the work of the Federal Reserve Board, foreign trade financing, the work of the War Finance Corporation, and foreign branches of American banks. Herein is also a good summary discussion of the railroad situation in this country, including such matters as government control, the Plumb plan, the Transportation act of 1920, the course of railroad rates, legislation affecting the railroads and the railroad labor question. The American merchant marine comes in for a share of the discussion; also traffic on the inland waterways, including the new canal projects of the country. The final chapter, on labor and employment, is devoted to a discussion of trade unionism in this country, the "open shop" movement and related questions.

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An account of the economic relations between France and Holland during the French Revolution, throwing some light on the course of the assignats, and the supposed machinations of Pitt and the Bank of Amsterdam.

MATTERN, J. *Bavaria and the Reich. The conflict over the law for the protection of the republic*. Johns Hopkins University studies in historical and political science, series XLI, no. 3. (Baltimore: Johns Hopkins Press. 1923. Pp. 125.)

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The contents of this volume are based on a paper read by Mr. Meserve at the one hundred and thirteenth meeting of the National Association of Cotton Manufacturers. The volume gives a very good idea of the manufacturing enterprise which grew out of the ideas of Francis C. Lowell. Incidentally, the book also contains material on labor conditions in the New England cotton industry, a summary of labor laws applying to the industry, a brief account of the manufacture of cottons in New England, the rise of labor unions in the Lowell district, and other matters of similar nature. Mr. Meserve lays emphasis on the welfare work which has characterized the industry throughout the greater portion of its history. The questions in the mind of the founder of the enterprise were whether the "native New Englanders were not of too high caliber to be easily persuaded to come to the towns and to work in the mills. What would be the effect on their character? Could they be induced to leave their country homes unless their welfare were securely safeguarded? All these questions were considered by Lowell, and to meet them he originated what later became known as the 'Waltham System,' based on the conviction that efficient means must be adopted for the moral and physical welfare of the operatives."

For many years the system was a success. Only in later times, with the change in character of the operatives, and with the large inflow of foreign workers into the industry, was it necessary to abandon the system. The author introduces much material to show that the welfare policies met with the approval not only of the workers, but of many interested parties who visited Lowell to witness the operation of the system. That the operatives were able to produce a periodical of no mean literary worth, and that from their numbers came such well-known characters as Lucy Larcom, Harriet Robinson, and Margaret Foley, speaks well for the social life which was developed under the guidance of the Company.

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- WERNER, C. A. *Tobacco land, a book about tobacco.* (New York: Tobacco Leaf Pub. Co. 1923. Pp. 474. \$3.)
- WILLIS, J. C. *Agriculture in the tropics; an elementary treatise.* Third edition, revised. (Cambridge: University Press. 1923. Pp. 239. 12s. 6d.)
- WORKING, H. *Factors determining the price of potatoes in St. Paul and Minneapolis.* (Minneapolis: Univ. of Minnesota Agri. Experiment Sta. 1923. Pp. 41.)
- Agriculture; reports for the states.* Bureau of the Census, Fourteenth census, vol. 6, pt. 3. (Washington: Supt. Docs. 1922.)
- Calumet and Hecla Mining Company.* (New York: Edward B. Smith & Co. 1923. Pp. 41.)
- Handbuch für die Internationale Petroleum-industrie. Jahrgang 1922-1923.* (Berlin: Finanzverlag. 1923. Pp. xxix, 560.)
- Report 18 of the state mineralogist covering mining in California and the activities of the State Mining Bureau.* (Sacramento, Calif.: State Mining Bureau. 1922.)
- Yearbook of the American Bureau of Metal Statistics, 1921.* (New York: The Bureau. 1922. Pp. 80.)
- Yearbook of the National Farmers' Union for 1923.* (London: Nat. Farmers' Union. 1923. Pp. 336. 1s.)

Manufacturing Industries

NEW BOOKS

- BRUCK, W. F. *Die Organisationen der deutschen Kunstpinnstoffwirtschaft.* (Jena: Fischer. 1922. Pp. 172.)
- CLEMEN, A. R. *The American livestock and meat industry.* (New York: Ronald. 1923. Pp. ix, 872. \$6.)
- COOKE, J. H. *The velvet and corduroy industry.* Pitman's common commodities and industries. (London: Pitman. 1923. Pp. 125. 3s.)
- DARBY, W. D. *Silk, the queen of fabrics. Wool, the world's comforter.* (New York: Dry Goods Economist, 239 West 39th St. 1922. Pp. 71; 107. \$1.50 each.)

The silk and wool industries respectively are briefly surveyed from the raw material to the finished product, with descriptions of manufacturing and marketing methods, and a number of full-page illustrations. *Silk* contains also chapters on the history of silk culture and manufacture, world production and consumption, and imitations of silk. *Wool* includes an historical account, and chapters on the world's wool production, classification and marketing, and the manufacture and use of shoddy. Each volume contains a useful little dictionary of fabrics.

- DOVISAT, E. *Die Industrie in der deutschen Volkswirtschaft*. (Berlin: Zentralverlag. 1922. Pp. 80.)
- FULLER, H. C. *The story of drugs*. (New York: Century. 1923.)
- KINLAY, J. *The petroleum and allied industries*. (London: Bailliere Tindall & Co. 1923. Pp. 302. 12s. 6d.)
- SACHS, J. C. *Furs and the fur trade*. Pitman's common commodities industries. (New York: Pitman. 1923. Pp. xi, 128. \$1.)
- TERENTIN, S. *Gli enti pubblici del Veneto di fronte al problema delle utilizzazioni idrotecniche*. (Venice: C. Ferrari. 1922. Pp. vi, 391.)
- WYER, S. S. *Manufactured gas in the home*. U. S. National Museum bull. 102, pt. 8. (Washington: Supt. Docs. 1923. Pp. 24.)
- Census of industry, 1920; central electric stations in Canada*. (Ottawa: Bureau of Statistics. 1923. Pp. 48.)
- Financing the small home*. Lumber and its utilization, Construction information series, vol. IV, ch. 7. (Washington: National Lumber Mnfrs. Assoc. 1923. Pp. 16.)
- The flour and grist milling industry in Canada, 1921*. (Ottawa: Bureau of Statistics. 1923. Pp. 42.)
- Manual of sugar companies*. (New York: Farr & Co. 1923. Pp. 52.)
- Printing and allied industries; a list of books and periodicals*. (Newark, N. J.: Free Public Library. 1922. Pp. 19. 10c.)
- The rubber industry; census of manufactures, 1921*. (Washington: Supt. Docs. 1923. 5c.)
- Swift & Company year book, covering the activities for the year 1922*. (Chicago: Swift & Co. 1923. Pp. 55.)
- Thirty-year review of the General Electric Company, 1892-1922*. (Schenectady, N. Y.: Gen. Elec. Co. 1923. Pp. 34.)

Transportation and Communication

NEW BOOKS

- BUNDY, C. L. *Historical review of the past fifty years*. (New York: Maritime Assoc. of the Port of New York. 1923. Pp. 143.)
- CHAMBERLAIN, J. P. *The régime of the international rivers: Danube and Rhine*. Columbia University studies in history, economics and public law, vol. CV, no. 1. (New York: Longmans. 1923. Pp. 317. \$3.50.)
- CHAPIN, R. D. *How highway transport coöperates*. (New York: Nat. Automobile Chamber of Commerce. 1923. Pp. 12.)
- CHATBURN, G. R. *Highways and highway transportation*. (New York: Crowell. 1923. Pp. xx, 472. \$3.)

In containing both a history of American highways and a discussion of some of the leading engineering and economic problems involved, this volume differs from most works of its kind. While the book includes a great deal of technical matter, it is presented in a simple and interesting way. The author's purpose has been to "sketch briefly and simply

the development of the transportation systems of the United States, to indicate their importance and mutual relations, to present some practical methods used in the operation of highway transport, and to make occasional suggestions for the betterment of the road as a usable machine for the benefit and pleasure of mankind."

There are chapters on the transportation development of the United States, waterways and canals, railroads, the modern wagon road, automotive transportation, the planning of highway systems, the relation of the cost of transportation to marketing and production, and methods of financing highway construction. The book also contains interesting chapters on highway accidents, methods of beautifying the highways, and aids to highway travel. An abundance of illustrations make clear many of the points of discussion.

The author correctly lays emphasis on the need of effective transportation for the betterment of farm conditions; yet he does not approve of indiscriminate highway building. The road system should be planned with reference to certain economic ends which the state has in mind. A relatively small mileage in a well-planned system answers a better purpose than a larger mileage scattered aimlessly over the country. Hence the necessity of making a road census to reveal the kinds and volume of traffic, and other matters involved in economy in construction and operation. Systems might be planned with reference to the wider needs of the nation as well as of state and local needs.

The author discusses the perennial struggle among the different competing systems of transportation, such as railroads and trucks, and in the case of urban transportation, between the street car and the bus and automobile. His conclusion on this point is that: "There is a legitimate field for these buses in the smaller cities, and on streets in large cities not easily reached by, or upon which it is not desirable to have, street-car tracks. But they should not be free lances—they should be under regulations as street cars are under regulations, they should make scheduled trips, they should be backed by capital or insurance sufficient to pay indemnities in cases of accident, and upon payment of license fees should be entitled to protection and possibly monopoly in their prescribed territory." In short, there is a place in the country for various kinds of transportation, but an effective system of transport demands that each be used to give the best results in its own field.

ISAAC LIPPINCOTT.

EWING, A. J. *The railroads, their troubles and remedy.* (Wichita, Kan.: Southwestern Pub. Co. 1923. Pp. 64.)

HOLT, W. S. *The office of the chief of engineers of the army: its non-military history, activities, and organization.* Institute for Government Research, Service monographs, no. 27. (Baltimore, Md.: Johns Hopkins Press. 1923. Pp. xii, 166. \$1.)

JEFFRIES, T. C. *The postal system of the United States and the New York general post office.* (New York: Mfrs. Trust Co. 1922. Pp. 88.)

MEYER, H. H. B. *Additional references relating to mercantile marine subsidies.* Reprint of 1911 edition. (Washington: Supt. Docs. 1923. Pp. 20. 10c.)

OLDHAM, J. E. *The problem of railroad consolidations; its nature and the*

- factors involved in its solution.* Reprinted from the Harvard Business Review. (Boston: Merrill, Oldham & Co. 1923.)
- SCHWIEDLAND, E. *Das Transportwesen.* Third edition. (Stuttgart: Kohlhammer. 1923. Pp. 39.)
- WHITE, P. *Motor transportation of merchandise and passengers.* (New York: McGraw-Hill. 1923. Pp. vi, 486. \$4.)
- WILLIAMS, W. H. *Economical operation of American railways.* (Washington: Railway Accounting Officers Assoc. 1923. Pp. 12.)
- The Bureau of Public Roads; its history, activities and organization.* Institute for Government Research. Service monographs, no. 26. (Baltimore: Johns Hopkins Press. 1923. Pp. 123. \$1.)
- Facts and figures of the automobile industry.* (New York: Nat. Automobile Chamber of Comm. 1923. Pp. 96.)
- Final report of the Imperial Shipping Committee on the deferred rebate system.* (London: H. M.'s Stationery Office. Pp. 56. 1s.)
- The greater London traffic problem: a scheme for its solution.* (London: London Municipal Society and National Union of Ratepayers' Associations. 1923. Pp. 11.)
- A list of references on the proposed consolidation of railroads.* (Washington: Bureau of Railway Econ. 1923. Pp. 29, mimeographed.)
- Rates of New York City as fixed by the Public Service Commission, and notes of explanation.* (New York: N. Y. Tel. Co. 1923. Pp. 24.)
- Record of American and foreign shipping, 1923.* (New York: Am. Bureau of Shipping. 1923. Pp. 1584.)
- The traffic man's handbook.* (Scranton, Pa.: Intern. Text Book Co. 1923. Pp. 386.)
- The port of Milwaukee; historical, descriptive, and prospective.* (Milwaukee: Board of Harbor Commissioners. 1922. Pp. 32.)
- Report of the Department of Public Utilities on the transportation facilities within the metropolitan district, under ch. 55 of the resolves of 1922.* (Boston: Mass. Dept. Pub. Utilities. 1923. Pp. 127.)
- A study of the Louisville & Nashville Railroad Company, one of the most comprehensively developed railroads of the South.* (New York: Brown Brothers & Co., 159 Wall St. 1923. Pp. 20.)

• Trade, Commerce, and Commercial Crises

Cotton and the Cotton Market. By W. HUSTACE HUBBARD. (New York: D. Appleton & Company. 1923. Pp. ix, 503. \$2.50.)

The reading public interested in business subjects is indebted to the author of this book for a carefully prepared, detailed description of the practices followed and of some of the principal problems encountered in the production and marketing of American cotton. The author, a member of a firm of cotton merchants, describes the chief phases of the production of raw cotton, dealing particularly with the

problem of the cotton boll weevil, with the relationship of grade and staple to the valuation of cotton, and with the relationship between weather conditions and the size and quality of the crop.

Under the subject of marketing, the author deals with the processes of ginning and compressing, warehousing, the work of producers' marketing associations (not from the public point of view, but rather from the private, acquisitive point of view of the producers themselves), the functions of the several agents in marketing at various stages of procedure (the country merchants, street buyers, supply merchants, cotton buyers and shippers, international traders and spinners' brokers), and then he devotes nearly all of the latter part (more than half) of the book to the discussion of the organization and practices of the three leading cotton markets of the world, New York, New Orleans and Liverpool.

The author gives special attention to the New York spot and futures markets (or market, for he stresses the point that spot and futures dealings are all in one market) and the practices therein on the New York Cotton Exchange. This part of the book is rich in detailed descriptive matter and there is frequent use of concrete illustrations of situations which are of daily occurrence in the market.

The author sees as the central problem in the futures market the problem of "basis," that is, the price relationship between future contracts and even-running spot cotton, and his discussion of hedging as trade insurance is built upon the problem of "basis." He gives a very good discussion of different methods that have been, or that may be, used in solving the problem of grade differences, and states quite clearly the advantages and disadvantages of the several methods. It is in this part of the book that the author departs most from the simple method of description and indulges in critical comment. It might be added also that the critical comments on this particular subject have been made more successfully in the reviewer's opinion than have the critical comments and the argumentative discussion that appear in other parts of the work.

In the last section of the book the author deals with the subject of speculation on the exchanges in a manner which makes him appear to be on the defensive regarding the practice of hedging in the market. He seems to recognize three classes of hedging operations, namely, straight hedging (which has its justification in the "basis" problem), semi-speculative hedging (which combines with the first kind of insurance that against other "non-basis" risks), and purely speculative hedging. The author is of the opinion that purely speculative operations represent probably not more than about 25 per cent of the transactions on the New York Cotton Exchange. He thinks that "specu-

lation is a method of assisting the distribution of both supply and demand, so that they will meet the more constantly and easily for the benefit of the whole community (pp. 446, 447). He distinguishes between competent and incompetent speculation, and between hedging to reduce a risk already present and hedging to incur a risk that need never have been incurred at all. Probably the majority of the readers of this review would be in accord with the author's principal conception of the functions of the futures market and of hedging therein, without being in sympathy with some of his arguments against some proposed substitutes for present marketing methods. It is questionable whether the defects of governmental control during the war in any field should be mobilized as arguments applicable directly to peacetime conditions. The statement that "some historians have maintained that the government mismanagement of the grain trade was one of the primary causes of the collapse of the Roman Empire" (p. 451) does not seem to be either very pertinent or very conclusive. Also it is rather difficult to reconcile the statement that "there is one fundamental error in all the regulations proposed, and that is, they are unworkable unless they are prohibitory, and in the second case they are unenforceable" (p. 452) with the statement that "it is the duty of the exchanges to strictly enforce their own rules which are sufficient to check much of the abuse. The exchange authorities have been awakened to the necessity of controlling their members and, in the past twenty years, they have strengthened many of their rules and have adopted new regulations," (p. 453). It may very likely be true that regulations can better be made and enforced by members of the trade than by the government, but that they cannot be enforced by the government has not, it seems to the reviewer, been proved.

STANLEY E. HOWARD.

Princeton University.

NEW BOOKS

BASTABLE, C. F. *The commerce of nations.* Revised by T. E. GREGORY. Ninth edition. (London: Methuen. 1923. Pp. 212.)

BISHOP, A. L. *Outlines of American foreign commerce.* (Boston: Ginn & Co. 1923. Pp. 321. \$3.)

The title, *Outlines of American Foreign Commerce*, indicates clearly the scope of the volume. As intended, it furnishes a background for the study of foreign commerce both for the collegiate student and for the business man who wishes to broaden his interest in and knowledge of American business. In the first eight chapters of the book, Professor Bishop makes a distinct contribution in the concise summary of the bases for American foreign trade and the extent of that trade. To give a balanced understanding of the relation of natural resources and American industries to foreign trade is no small task; its difficulty is aggravated when such discussion must be confined to a few pages. The first four

chapters, covering this subject, while touching only the high spots and containing nothing novel, are admirably concise. Furthermore, in the discussions of export and import trade Professor Bishop has avoided becoming engulfed in the quicksand of statistical detail.

The second half of the book, dealing mainly with transportation, marine insurance, and financing, is historical in treatment, showing in each case the development of facilities for carrying on business and the relation of present facilities to American foreign trade. Two chapters deal with the promotion of American foreign trade and with the promotion of foreign trade by leading foreign exporting countries. A brief discussion of commercial policy concludes the work.

As a whole, Professor Bishop has provided in convenient form the information which ought to be in the possession of every student who contemplates the study of foreign trade and of every business man whose interest in business extends beyond considerations of internal management.

H. R. T.

BORRIES, H. K. *Die Handels- und Schifffahrtsbeziehungen zwischen Lübeck und Finnland.* Probleme der Weltwirtschaft, 36. (Jena: Fischer. 1923. Pp. xix, 214.)

BRECHT, K. *Handelskunde und kaufmännischer Briefverkehr in drei Büchern.* 1, Unterstufe. 2, Mittelstufe. 3, Oberstufe. (Düsseldorf: L. Schwann. 1922. Pp. viii, 98; viii, 106; viii, 170.)

BÜNNAGEL, E. M. *Die Eignungsprüfung in ihrer wirtschaftlichen und sozialen Bedeutung.* (Cologne: Paul Neubner. 1923. Pp. 74.)

FLEISCHMANN, G. *Handelsgeographie.* Teil 1. *Mit Erlass des Ministeriums für Schulwesen und Volkskultur vom 7. Juni 1922.* (Reichenberg: Franz Kraus. 1922. Pp. 200.)

FREYSOLDT, G. *Die Tabakmärkte.* (Dresden: Tabakwirtschaftliche Rundschau, 1922. Pp. 64.)

GEPHART, W. F. *European trade barriers.* (New York: Nat. Foreign Trade Council. 1923. Pp. 9.)

DE HAAS, J. A. *Foreign trade organization.* (New York: Ronald Press Co. 1923. Pp. 378. \$3.)

On several occasions the reviewer has expressed in these columns a hope that more specialized and more intensive works upon the various phases of foreign trade would appear to supplement the material of a sketchy and general nature which has so far constituted the bulk of literature in this field. It is with distinct pleasure, therefore, that he takes up Professor de Haas' book, *Foreign Trade Organization*, because it is evident at the outset that he has so circumscribed his task that he is not confronted with the necessity of covering the entire field of foreign trade within the compass of a moderate-sized volume. As a consequence, the book, while not exhaustive as to detail, is by all means the most thorough original work upon foreign trade organization in the English language. The work is an objective study of what the writer prefers to call the "external organization" of foreign trade, dealing with the marketing structure developed in modern times for the transaction of international trade, but stopping short of a study of the organization of individual concerns for the transaction of that trade.

Briefly stated, the book contains an introductory chapter upon factors in international competition, followed by a discussion of international trade statistics, and a chapter upon tariffs and their relation to foreign trade. A chapter upon governmental trade promotion brings together much interesting material as to the work of foreign governments in the encouragement of foreign trade, heretofore available only with considerable difficulty. The same may be said of the fifth chapter, upon chambers of commerce, as well as the later chapters upon exhibitions and fairs. The discussion of transportation takes up the international railroad convention and the relation of railroads to international railroad policy; likewise, ocean transportation and the war's effect upon international coöperation. In his consideration of transportation the author does not omit reference to the air service, which is rapidly assuming a prominent place in the transportation of passengers and the more valuable freight; while a chapter upon communication takes up postal and telegraph service. The treatment of the organization of raw material markets comprises the discussion of auctions and auction markets, the exchanges of various types, the relation of world conditions to prices, the warehousing system, and the types of transactions carried on in such markets. Marketing organization as applied to manufactured products is treated in the chapter upon foreign traders. Two chapters upon the legal position of the commercial concern at home and abroad conclude the work. A complete bibliography of the important books upon foreign trade in various foreign languages is to be found in the appendix.

The command of foreign literature has given Professor de Haas access to a fund of information which is closed to many readers upon foreign trade topics—in fact, apparently to some of those who have attempted to write upon the subject. His treatment of such subjects as fairs, exhibits, commercial museums, and the organization of raw material markets reveals his knowledge clearly. Though not so exhaustive as the older work of Hellauer in its classification of the various marketing factors in foreign trade organization or as that of Sonnendorfer Ottel in its treatment of particular commodities, *Foreign Trade Organization* fills a distinct gap in English foreign trade literature, and Professor de Haas performs a service not only in making this accessible but also in bringing our knowledge up to date.

HARRY R. TOSDAL.

- HAHNEBACH, B. *Der Terminhandel in Woll und Kammzeug*. (Leipzig: Wilhelm Schunke. 1922. Pp. 144.)
- HALL, F. and COLLAR, G. *The story of commerce*. (London: Pitman. 1923. Pp. 223. 2s. 6d.)
- JAHN, W. *Die Entwicklung und Bedeutung der Handelsmessen*. (Leipzig: C. Grunbach. 1922. Pp. 177.)
- MAHRE, G. *Trade, transport, and finance. With examination questions in the theory and practice of commerce, business organization, and commercial correspondence*. (London: Author, City of London College. 1923. Pp. vii, 444. \$2.40.)
- MOORE, H. L. *Generating economic cycles*. (New York: Macmillan. 1923. Pp. xi, 141.)
- MUKHERJI, P. *The coöperative movement in India*. Third edition, rewritten and enlarged. (Calcutta: Thacker. 1923. Pp. lxxx, 468.)

SCHWARZ, A. R. *Die deutsche Ausfuhrkontrolle nach dem Kriege*. (Greifswald: Ratsbuchh. L. Bamberg. 1923. Pp. 126.)

SELFRIDGE, H. G. *The romance of commerce*. (New York: Dodd, Mead. 1923. Pp. 422. \$5.)

VITA, E. *Principi di economia commerciale*. (Turin: Bocca. 1923. Pp. x, 653. 25 l.)

Foreign trade of China, 1921. Part II. Analysis. Vol. II. Exports. (Shanghai: The Maritime Customs. 1922.)

Handbook of commercial treaties. (Washington: Supt. Docs. 1923. 75c.)

Handel und Industrie der Schweiz im Jahr 1921. (Zurich: Vorort des Schweizerischen Handels- und Industrie-Vereins. 1922. Pp. vi, 437. 9 fr.)

Information regarding customs procedure, shipping and insurance. (New York: American Express Co. 1923. Pp. 55.)

Relazioni per la conversione in legge del Regio decreto—legge 9 giugno 1921, n. 806, che approva la nuova tariffa generale dei dazi doganali. (Rome: Tip. della Comera dei Deputati. 1923. Pp. 460, cdxxxiii.)

Resolutions adopted at the second congress (Rome, March 1923). (Paris: Inter. Chamber of Commerce. 1923. Pp. 101.)

Review of existing methods of marketing of Queensland fruit with concrete proposals for reorganisation of the industry. (Brisbane: Queensland Producers' Association. 1923. Pp. 84.)

Tenth national foreign trade convention, held at New Orleans, La., May, 1923. (New York: Nat. Foreign Trade Convention Headquarters, Hanover Sq. 1923. Pp. 440.)

Contains papers on: European progress during the last year, by J. W. Jenks; European trade barriers, by W. F. Gephart; and reports of group sessions on Expanding exports, Trading with Latin America, Foreign credits, Trading with the Far East, Financing foreign trade, Export advertising.

Vergleichende Uebersicht über die Zollsysteme der wichtigeren Handelsstaaten. (Berlin: Deutscher Industrie- und Handelstag. 1922. Pp. 156.)

Accounting, Business Methods, Investments, and the Exchanges

Applied Business Finance. By EDMOND E. LINCOLN. (Chicago: A. W. Shaw Company. 1923. Pp. xviii, 772. \$4.00.)

Most books on business finance have been too exclusively devoted to problems chiefly of importance to large corporations while many of the problems of great importance to small or average-sized concerns, whether incorporated or not, have received but scant attention. Even in the case of the large corporations' problems the existing literature appears to have concentrated attention on what may be called the external financial policy and given but slight notice to the problems

of internal financial organization and administration. It is evidently with this situation in mind that the author of this volume declares: "The aim of this book is to discuss those problems of business finance which actually arise from day to day in the *average* industrial concern, including both manufacturing and trading enterprises." The usefulness of the volume will be chiefly measured by the success with which these gaps have been filled.

Beginning with an attempt to state the normal financial problems of an average industrial concern and to point out the importance of the business cycle in its effect upon these problems, the author proceeds to discuss the forms of organization, types of securities, and the methods of raising both fixed and working capital from the different available sources. Two chapters are devoted to financial statements, their interpretation and financial standards, following which there is a fairly extended discussion of the use of the commercial bank, commercial paper house, trade and bank acceptances, and various other ways of raising working capital. The author then devotes four chapters to the financial aspects of purchasing, of production (a full chapter being devoted to the proper scale of production), and of selling. After a chapter on mercantile credit, the last two chapters are given over to the distribution of earnings, reorganization and bankruptcy.

This outline indicates that the material presented is much more comprehensive in scope than that generally found in books devoted to business finance. The subjects ordinarily treated, such as promotion, methods of determining net earnings, etc., are here discussed in much less detail, and the financial problems peculiar to railroads and public utilities are purposely omitted. As a compensation we are given in considerable detail a discussion of the various methods available for raising working capital for different purposes, with a careful analysis of their respective advantages and disadvantages. These problems are among the most perplexing financial questions which face the ordinary business man, and this discussion, combined with the constant insistence upon the necessity of adjusting the financial policy to the varying stages of the business cycle, will for many prove to be the most valuable portion of this book.

On the other hand the considerable space devoted to the financial aspects of purchasing, producing, and selling reflect a tendency, rather frequently in evidence in this book, to wander pretty far beyond what seem to be the boundaries of business finance proper. Such questions as the most efficient size of the business unit, standardization of products, controlling the source of raw materials, price maintenance or how much to spend for advertising appear to the reviewer to be pri-

marily problems of business administration rather than of purely financial policy. Undoubtedly there is no hard and fast line that can be drawn between financial and other phases of business administration; but it is difficult to discover any particular reason for discussing these topics in a volume devoted to finance any more than any one of a dozen others that might be mentioned. Of course financial considerations and conditions will affect the decision as to any of these questions and that decision will in turn react upon financial policy; but it is the desirability of a given policy of business administration rather than the reaction of that policy on the financial administration that appears to hold the center of the author's attention throughout these chapters. A more nearly rounded out volume would have resulted had the space so used been employed instead for topics either omitted or but briefly developed. Among such might be named the various taxes to which business concerns are subject, the variations in the corporation laws which chiefly affect corporation finance, greater emphasis on the importance of a budget and its use as a device for fiscal control, while throughout some account of administrative devices which might be employed for carrying the various policies advocated into effect would certainly have made the volume more practical. It should be added that at all times the author is cautious about laying down set rules of action or fixed policies, but has sought rather to enumerate the factors which must ordinarily be taken into consideration in a typical problem—certainly the wisest method.

CHESTER W. WRIGHT.

University of Chicago.

Depreciation of Public Utility Properties and Its Relation to Fair Value and Changes in the Level of Prices. By HENRY EARLE RIGGS. (New York: McGraw Hill Book Company. 1922. Pp. ix, 211.)

This volume is the most complete published presentation of the view that depreciation should not be deducted from the cost new in the determination of fair value for public utility rate making. From its particular standpoint the book is excellent. The basis of valuation presented is the actual cost of the property used in the public service, without any deduction for depreciation. It is implied, but not definitely stated, that no adjustment should be made for fluctuating prices affecting the reproduction cost of the properties. If the properties have been adequately maintained and if renewals have been made as needed, the author believes that the original cost should be used as the rate base without deduction for depreciation.

The book brings up an issue which has been extensively debated for many years, has been beclouded by bias and special pleading, and, of

course, is not finally disposed of by Mr. Riggs, or much less by this review. The idea has been almost uniformly supported by corporation lawyers and engineers testifying for public utility companies, but has been opposed by practically all commissions and other public authorities. It should be stated, however, that the author appears thoroughly sincere in his avowal of the theory, so that the book deserves consideration as a scientific discussion and not a brief for the companies.

The subject is treated by the author from three standpoints although they are not specifically thus stated: (1) The question of fact as to what is really involved in the matter of depreciation; (2) What is the best practical policy; and (3) The court decisions.

First, as to what is really involved, the basic question is how the cost of periodically renewable plant and equipment is properly charged to operating expenses to determine the cost of service. The author believes that the charge should be made at the expiration of the useful life of each unit of plant or equipment as renewals are made, while the reviewer contends that it should be apportioned through the service life on the basis of relative annual use. A third method would be to make the charge at the time of purchase. Which method is in principle correct?

This is a matter of correct cost accounting, and the principle involved is the same as in the use of materials and supplies. Take a large purchase of coal: the proper charge to operating account, or to the cost of the product, follows actual consumption; it is not made at the time of purchase or at the time of renewal of the supply. The entire cost is charged to "supply" account as an asset, and is charged off to operation as it is actually used in production. Is this procedure not correct, and does not the purchase of plant and equipment involve exactly the same realities?

Suppose a new street car has cost \$10,000 and has a useful life of twenty years, what is the proper charge to cost of service: the full \$10,000 at the time of purchase or renewal, or roughly, \$500 a year during the period of service? Does it not appear obvious that the original cost is a capital charge, which is properly written off to operating expenses as the car is consumed in operation, exactly as materials and supplies are transferred to operating account on the basis of actual consumption? But, in the case of materials and supplies, the proportionate cost is credited to the asset account directly as consumption takes place, while with plant and equipment the amount is credited to a reserve and is finally cleared when the units of property are retired. The substance is the same; taking all the plant and equipment together, the net assets at any given times are equal to the original cost less the accumulated reserve for depreciation. But, in

a large proportion of cases these figures are not properly shown by the accounts, and must be determined by a valuation. The basic facts, however, are necessarily the same whether shown by the accounts or determined by valuation estimates.

Second, as to the practical policy, in individual cases it may be simpler to charge operating expenses with the cost of renewal and replacement rather than with depreciation. This, however, is a matter of expediency, and does not change the underlying fact that the units of plant and equipment are actually consumed in service during the period of use, and that the cost properly belongs to operating expenses accordingly. This is true whether a company owns a few large units or has a greatly varied property. What actually takes place does not depend on the number, size and variety of units, but these factors may affect accounting and management policy.

It is true, of course, that if the actual investment entitled to a return has once been determined, then for the future it would make no difference either to investors or the public which policy is pursued, whether operation is charged with depreciation or with the cost of renewals, provided that it is consistently followed. The total return to the company and the total cost to the consumers for a period of years would obviously be the same. But the point is important where the amount of investment entitled to a return has not been fixed and is up for determination. In such cases it makes a big difference whether the full cost of the property is used as a rate base, or the cost less depreciation, and, it would seem, that as a matter of simple fairness the basic facts should control. Mr. Riggs would include in the rate base costs which properly belong to *past operation*, while there should be included only costs belonging to *future operation*.

Third, as to court decisions, the author seems unconsciously to have picked language and fitted it to his views. The courts, of course, have said various things at different times under special circumstances, and there are dicta to support the author's ideas. But, with fair consideration of the facts, if any one point in valuation has been finally determined by the Supreme Court of the United States, it is that depreciation is properly deducted from cost new in determining the net value of a property for rate purposes. The court decisions bearing on depreciation are given the consideration of an entire chapter, besides an appendix of citations and analyses covering 62 pages. Unfortunately, it is impossible within the limits of this review to cover concretely any of the cases discussed, but it is safe to predict that the author's treatment will appear disingenuous to most serious students on the subject.

In conclusion, the book elaborates a point of view which involves

a direct public interest of many billions of dollars and affects the great majority of people. The point justifies several books for proper determination.

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Audit Working Papers: Their Preparation and Content. By J. HUGH JACKSON. (New York: American Institute of Accountants Foundation. 1923. Pp. ix, 201 and 98 unnumbered pages of schedules and exhibits. \$5.00.)

This excellent addition to accounting literature is all that its name implies and much more. It might well have been called "The Auditor's Guide—Alpha to Omega." It is not encumbered with accounting theory. Every typed page and every page of facsimile schedules and exhibits contains practical information for use in the conduct of an audit or investigation.

The contents of the book may be divided into four classes:

1. Specific procedure to be followed in auditing. This is covered in thirteen chapters and requires 169 pages for its presentation.

2. Schedules and exhibits prepared apparently as facsimiles. There are 98 schedules and exhibits in appendices A and B which illustrate correct methods of compiling audit working papers and of making them most useful through cross references.

3. A seventeen page bibliography of books and periodicals divided into three parts, covering the following subjects: I, Auditing procedure and professional practice; II, Business subjects allied to accounting, including a few references on accounting theory; III, Non-par-value stock.

4. A complete index covering the appendices and bibliography as well as the text material.

The text material dealing with auditing procedure is very aptly interwoven with the schedules and exhibits, reference to which is frequently made. A balance sheet audit is selected for the discussion and reference is made throughout to the Federal Reserve Board bulletin, *Approved Methods for the Preparation of Balance Sheet Statements*.

Mr. Carl H. Nau, past president of the American Institute of Accountants, correctly interprets the importance of this book when he states in the Introduction that there is no book in existence dealing with this important technical branch of an auditor's work and that there have been only three magazine articles written in America on this phase of the profession. The fact that another book on this same subject has come off the press of another publishing house since the book under review has been put on the market also indicates the

demand that seemed to exist for a work of this nature. Although the greatest use of *Audit Working Papers* doubtless will be realized as a reference book by young accountants, it should receive considerable recognition as a textbook on auditing procedure in the better university schools of commerce.

Even if one does object to the author's use of the word "cheque" and to the phrase "profit and loss account" in place of profit and loss statement, he must observe that the author has been identified with a firm which is accustomed to the practices and customs of the British Isles. There is a possibility that the average reader will not fully comprehend the distinction between economic and accounting capital (pp. 50-51); nor the distinction between assets and resources implied in the sentence (pp. 116-117): "Strictly speaking, however, treasury stock is never an asset—at most it is only a resource, and the practice of showing such an item as an asset should be adopted only in rare instances."

A point concerning the schedules might arise in using them for teaching purposes. It would help the inexperienced auditor or student somewhat if the schedules were marked in some way to show which ones go to the client as part of the report and which are merely to be filed in the accountant's office. The mechanical details in the schedules have been carefully looked after, good accounting and auditing procedure has been promulgated throughout, while the necessity on the part of the auditor to exercise good judgment and common sense has been mentioned in several places. Among the most valuable parts of the text material may be noted the chapters dealing respectively with the indexing and filing of working papers and reports, the auditing of inventories, and the verification of reserves.

That the ones who might be expected to receive the greatest benefit from the book have not been overlooked may be observed from the words of advice to the junior accountant inserted from time to time in the text material.

HIRAM T. SCOVILL.

University of Illinois.

NEW BOOKS

AHLQUIST, J. E. *How to make money; a complete explanation of the great difference between the real earning power of money as against its mere renting power.* (New York: W. Siegrist & Co., 9 Murray St. 1922. Pp. 42. 10c.)

AMSTER, I. *Commercial law, including recent examination questions.* (New York: Globe Bk. Co. 1923. Pp. 179.)

AUMUELLER, F. O. *The mechanics of advertising.* (Milwaukee: Cramer-Krasselt. 1922. Pp. 96. \$2.)

- BABSON, R. W. *Business fundamentals; how to become a successful business man.* (New York: B. C. Forbes Pub. Co. 1923. Pp. xii, 258.)
- BAER, L. *Retail selling methods.* (New York: McGraw-Hill. Pp. 250. \$2.)
- BIENVENUE, E. *Accounting and business dictionary; an encyclopedia of accounting, financial, commercial law and general business terms.* (New Orleans: Poynton Press Co. 1922. Pp. 314.)
- BLISS, J. H. *Financial and operating ratios in management.* (New York: Ronald. 1923. Pp. 408. \$6.)
- BLOOMFIELD, D. *Problems in personnel management.* (New York: H. W. Wilson Co. 1923. Pp. xvi, 557. \$3.50.)
Contains bibliographies and extracts on personnel work, job analysis and job specifications, selection and placement, testing and rating employees, methods of promotion, sources of labor loss, lateness, absence, foremanship training, etc.
- BROWN, D. L. *Export advertising.* (New York: Ronald. 1923. Pp. 342. \$4.)
- BURDICK, R. L. *Advertising to retailers; specialized means and methods for developing trade distribution.* (New York: Ronald. 1923. Pp. vii, 318. \$3.50.)
- BURNHAM, A. C. *Building your own business.* (New York: Ronald. 1923. Pp. ix, 282. \$2.75.)
- BUTLER, R. S. *Marketing and merchandising.* (New York: Alexander Hamilton Inst. 1923. Pp. 22. 263. \$1.36. Part of Modern business course and service, not sold separately.)
- CARTMELL, M. *Stores and materials, control, including procurement by manufacture and by purchase.* (New York: Ronald. 1922. Pp. 17, 459. \$4.50.)
- COOK, A. B. *Financing exports and imports.* (New York: Ronald. 1923. Pp. 218. \$2.50.)
- COPELAND, M. T. *Problems in marketing.* Revised and enlarged. (Chicago: A. W. Shaw Co. 1923. Pp. 822. \$5.)
- COUSE, H. A. *Organization and management of business corporations in Ohio.* (Cincinnati: W. H. Anderson Co. 1923. Pp. 447.)
- CRAMER, A. W. *Bremer Baumwollbörse 1872-1922. Eine Festgabe der Bremer Baumwollbörse an ihre Mitglieder.* (Bremen: Franz Leuwer. 1922. Pp. 81.)
- CUNNINGHAM, W. J. *The accounting and statistical requirements of the Interstate Commerce Commission.* (Washington: Railway Accounting Officers Assoc. 1923. Pp. 8.)
- DEALE, W. VAN DEN. *Der moderne Fabrikbetrieb und seine Organisation.* (Stuttgart: Muth. 1923. Pp. 166.)
- DECOUDU, J. *La Bourse de Londres.* Lib. Moderne de Droit et de Jurisprudence. (Paris: Ernest Sagot. 1922. Pp. 210. 10 fr.)
- DENFELD, G. A. *A practical scientific treatise on traffic management.* (Portland, Or.: Author. 1921. Pp. 367.)

- DRIER, T. *How Viscount Leverhulme built his world-wide organization.* (Boston: Privately printed. 1923. Pp. 37.)
- DUGDALE, B. H. *Mortgage loan values; a few comments on various matters pertaining to real estate mortgages.* (Greenfield, Ind.: Wm. Mitchell Prtg. Co. 1922. Pp. 248.)
- EDGAR, A. E., editor. *How to get more business for the merchant and his clerks.* (Columbus, O.: Advertising World. 1921. Pp. 142.)
- . *How to plan and advertise a sale; for merchants and advertisers.* (Columbus, O.: Advertising World. 1922. Pp. 43. \$1.00.)
- FERRIS, E. E. *Developing sales personality.* (New York: Prentice-Hall. 1923. Pp. viii, 92.)
- FLINT, R. R. *Condensed course in character or human analysis; super-salesmanship, self development and vocational guidance.* (Columbus, O.: Inskeep Prtg. Co. 1923. Pp. 88.)
- FRENCH, G. *Fields of advertising.* Advertising standards, bk. 4. (New York: Association Press. 1922. Pp. vi, 202.)
- GERTENBERG, C. W. *Principles of business.* Third edition, revised. (New York: Prentice-Hall. 1922. Pp. xiv, 821.)
- . *Personal power in business.* (New York: Prentice-Hall. 1922. Pp. vii, 102.)
- GIARDINA, P. *Le miniere di asfalto.* Biblioteca di ragioneria applicata. (Turin: Unione Tip. Editrice. 1923. Pp. 42. 3 l.)
- GITTI, V. *Computisteria finanziaria.* Eighth edition. (Milan: U. Hoepli. 1923. Pp. 190. 7.50 l.)
- HERROLD, L. D. *Advertising for the retailer.* Prepared in the Extension Division of the University of Wisconsin. (New York: Appleton. 1923. Pp. 689. \$5.)
- HESS, H. W. *Creative salesmanship.* (Philadelphia: Lippincott. 1923. Pp. 339.)
- IVEY, P. W. *Elements of retail salesmanship.* (New York: Macmillan. 1923. Pp. viii, 275.)
- KEARNEY, P. W. *Business letters made easy; a brief but comprehensive study of the principles which naturally simplify the art of handling the day's mail.* (New York: E. J. Clode. 1923. Pp. 297.)
- KELLEY, F. W. and NIEMEYER, G. H. *The voluntary establishing of standards of quality: cement industry; jewelery industry.* (Washington: U. S. Chamber of Commerce. 1923. Pp. 14.)
- KESTER, R. B. *Solutions to practice problems for accounting—theory and practice.* Vol. 3 (third year). (New York: Ronald. 1922. Pp. 281.)
- KOBERGER, J. *Versicherungs-buchführung.* Second edition. (Berlin: Mittler & Sohn. 1923. Pp. 131.)
- This contains an introductory part treating of bookkeeping in general, followed by a detailed account of the ways in which insurance companies of various kinds keep their accounts.
- KOOPMAN, S. B. *Chapter tests and examination papers, with solutions, for*

- fundamentals of accounting.* (New York: Ronald. 1922. Pp. 122. \$1.)
- LA BARBERA, R. *Le zolfare.* Biblioteca di ragioneria applicata. (Turin: Unione Tip. Editrice. 1923. Pp. 82. 6 l.)
- LEFÈVRE, E. *Reminiscences of a stock operator.* (New York: Doran. 1923. \$2.50.)
- LIPPINCOTT, W. *Outdoor advertising.* (New York: McGraw-Hill. 1923. Pp. 340. \$5.)
- MCCLURE, M. T. *How to think in business.* (New York: McGraw-Hill Bk. Co. 1923. Pp. x, 173. \$2.)
- MACGREGOR, D. H., LENNARD, R. and HOBSON, J. A. *Some aspects of recent British economics. Materials for the study of business.* (Chicago: Univ. Chicago Press. 1923. Pp. 134. \$1.50.)
- MACKINTOSH, C. H. *Creative selling, making, and keeping customers.* (New York: Appleton. 1923. Pp. xiv, 183.)
- McMICHAEL, S. L. *Long and short term leaseholds, including ninety-nine year leases.* Second edition. (Cleveland, O.: Author. 1923. Pp. 267.)
- MCNEIL, A. *The mercantile law of Scotland.* (Edinburgh: William Green & Son. 1923. 10s. 6d.)
- MADDEN, J. O. *Uniform sales act, illustrated, annotated, and explained with uniform bills of lading act, sections dealing with negotiability of bills. and uniform warehouse receipts act, section dealing with the negotiability of receipts.* (New York: McMaster Co. 1923. \$5.)
- MARCHIARO, C. *La fabbriche di calci e cementi.* Biblioteca di ragioneria applicata. (Turin: Unione Tip. Editrice. 1923. Pp. xi, 406. 25 l.)
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- OSWALD, G. *Das Verhältnis der Buchhaltungslehre zur Sozialökonomik.* (Frankfurt a. M.: Blazek & Bergmann. 1923. Pp. 210.)
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- SMITLEY, R. L. *Course of study for bond salesmen; elementary*. (New York: Dixie Bk. Shop. 1923. Pp. 64. \$1.50.)
- . *Course of study for brokerage, stock exchange, and investment banking; including a section on economic factors affecting prices*. (New York: Dixie Book Shop. 1923. Pp. 253.)
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- STEVENSON, J. A. *Constructive salesmanship; principles and practices*. (New York: Harper. 1923. Pp. 370. \$3.)
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- WAHL, A. *Précis théorique et pratique de droit commercial*. (Paris: Sirey. 1923.)
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- WILDER, R. H. and BUELL, K. L. *Publicity*. (New York: Ronald. 1923. Pp. 271. \$2.75.)
- Balance sheets and profit and loss statements, analyzed and defined for business executives. Classification and definition of ledger accounts. Financial reports for industrial executives*. (Boston: Chamber of Commerce, Bureau of Commercial and Industrial Affairs. 1923. Pp. 34.)
- New modern illustrative bookkeeping; elementary course journal method; based upon new modern illustrative bookkeeping introductory course*. (New York: Am. Book Co. 1923. Pp. 152. \$1.40.)
- New York stock exchange. Report of the president, May, 1921-May, 1923*. (New York: E. J. Meeker, 18 Broad St. 1923.)
- Operating expenses in the wholesale grocery business in 1922; in retail grocery stores in 1922; in department stores in 1922; in retail jewelry stores in 1922*. Bulletins nos. 34, 35, 37, 38, Harvard University, Bureau of Business Research. (Cambridge: Harvard Univ. Press. 1923. \$1 each.)
- Pennsylvania tax free bonds classified*. Eighteenth edition. (Philadelphia: Barclay, Moore & Co. 1923. Pp. 52.)
- Prices, profits and production; how to determine the effect of manufacturing effort and volume on costs, selling prices, and profits*. (New York: Nat. Assoc. Cost Accounts. 1923. Pp. 12. 75c.)
- A punched card system of inventory control*. (New York: Nat. Assoc. of Cost Accountants. 1923. Pp. 18.)
- Report of proceedings of the Association of National Advertisers, annual meeting, November, 1922*. (New York: Assoc. Nat. Advertisers. 1923. Pp. 106.)
- Some economic fallacies common among cost accountants*. (New York: Assoc. Nat. Advertisers. 1923. Pp. 9.)
- Special report on municipal accounts by the state comptroller, transmitted to the legislature, March 17, 1922*. (Albany, N. Y.: Comptroller's Office. 1922. Pp. 289.)
- Uniform classification of accounts for gas utilities, prepared by committee on statistics and accounts of public utilities and recommended for adoption by state commissions at the annual meeting of the National Association of Railway and Utilities Commissioners held in Detroit, Mich., November, 1922. For water utilities, recommended October, 1921*. (New York: State Law Reporting Co. 1923. Pp. 100; 100.)

Capital and Capitalistic Organization

NEW BOOKS

- BALDUS, S. A. *The new capitalism*. (Chicago: O'Donnell Press. 1923. Pp. 489.)
- BYERS, G. K. *Byers on Kentucky corporations, containing the laws of Kentucky pertaining to private corporations generally, banks, railroads and various miscellaneous companies, excepting insurance, as amended to January 1, 1923, together with decisions, commentaries, forms and precedents*. (Cincinnati, O.: W. H. Anderson Co. 1923. Pp. 35, 544.)
- HILFERDING, R. *Das Finanzkapital*. (Vienna: Wiener Volksbuchh. 1923. Pp. xii, 477.)
- LEVY, F. H. *The anti-trust laws with special reference to the Mennen Co. decision, the hardwood lumber decision and the Edge resolution*. (New York: Beacon Press. 1922. Pp. 31.)
- THOENES, W. *Die Zwangssyndikate im Kohlenbergbau und ihre Vorgesichte*. (Jena: Fischer. 1921. Pp. viii, 169.)
- WALDECK, H. *Deutsches und internationales Kartellrecht. Recht, Wesen und Statuten der Syndikate, Konventionen und Interessengemeinschaften nebst einer Erläuterung der Verordnung über die Leistungsverbände vom 22. Juli, 1921*. (Berlin: Heymann. 1923. Pp. xi, 554.)
- Public utilities reports, containing decisions of the public service commissions and of state and federal courts*. (Rochester, N. Y.: Public Utilities Reports, Inc. 1923. Pp. xlii, 952.)
- Some matters of interest regarding the Standard Oil Company of New Jersey as summarized by its president for the information of the United States Senate and the public*. (New York: Evening Post Job Print Office. 1923. Pp. 21.)

Labor and Labor Organizations

NEW BOOKS

- ADAMS, W. W. *Coal-mine fatalities in the United States, 1922*. Bureau of Mines, technical paper 339. (Washington: Supt. Docs. 1922. Pp. 97.)
- ASSAN. *Le contrôle ouvrier en Italie*. (Paris: Giard. 1922.)
- BERNHARDT, J. *The Railroad Labor Board: its history, activities, and organization. The Division of Conciliation: its history, activities and organization*. Institute for Government Research, Service monographs, nos. 19, 20. (Baltimore: Johns Hopkins Press. 1923. Pp. x, 81; x, 35. \$1. each.)
- BÖTCHER, H. *Zur revolutionären Gewerkschaftsbewegung in Amerika, Deutschland und England*. (Jena: Fischer. 1922. Pp. xiv, 236.)
- BOWERS, J. H. *The Kansas Court of Industrial Relations*. National social science series. (Chicago: McClurg. 1922. Pp. 133. \$1.)
- Dr. Bowers' monograph is ambitious and partisan. He hopes his book "will lead to the establishment of similar tribunals by the other states and

the federal government." Most of the space is given over to a discussion of the need of such a court, the right of the state to establish it, the circumstances surrounding the establishment of the court in Kansas, and the approval which it has found there. One chapter, of 28 pages, deals specifically with the work of the court. It was written before the miners' and shopmen's strikes of 1922. The author's open partisanship and his impatience with the critics and opponents of the court will militate against the acceptance of his findings.

D. A. McC.

CALDER, J. *Capital's duty to the wage-earner. A manual of principles and practice on handling the human factors in industry.* (New York: Longmans. 1923. Pp. xii, 326. \$2.25.)

As the title indicates, the author has written a treatise on industrial relations from a somewhat unusual angle. Many books are designed for the instruction of employers or their managerial assistants, but they usually have to do with the principles or technique of personnel management rather than the ethics of management in its relations with wage earners.

It is not surprising that one who has been for many years engaged in industrial management and therefore in close association with capitalists and employers should understand their practices and motives, but it is a bit uncommon to find in the same man an almost perfect appreciation of the viewpoint of the laboring man. Coupled with this full knowledge of both sides of the problem is a judicial fairness and a perfect frankness of expression which will disarm prejudice and carry conviction to the mind of the reader.

The teaching of the book may be summed up briefly as follows: The workingman wants five things: "a steady job, adequate real wages, a good foreman, a voice in settling his own conditions, and a chance to rise," and it is the duty of employers to see that he has all of these.

Labor unionism, employers' associations, the "open" and "closed" shop, employees' representation, profit-sharing, ownership-sharing, management-sharing, unemployment, immigration, constitute the principal chapter headings, but in a work of this sort topics and divisions are of far less importance than the fundamental purpose and the method of treatment. These can best be exemplified by quotations selected more or less at random. "Employers should bear in mind that, whether unionism is much in evidence or not, labor has innate solidarity." "Today we live in a different age. Capital and capitalists became so arrogant that the public rose in rebellion and laws designed to curb their power and their tyranny were placed on the statute books. . . . the times have changed democracy and not the dollar is in the saddle, industry must consider human lives as well as profits." "The employer has wished upon himself. . . . the 'hard-boiled' executive. . . . The higher up he is the more harm he can do and the harder he is to reform." "Modern industrial relations are nothing more or less than organized common sense directed towards attaining desirable business and social ends." "No excuse, of course, can be found for the 12-hour day, regardless of whether necessity or a low standard of life inclines some workers to accept it." "There are decided objections, however, to rating and working the employee as if he were a machine; and they are not in the least disposed of by giving a wage which is the envy of all less energized workmen."

It will be impossible for any reader to agree with the author in all respects. It is probable that he goes somewhat too far in condemning the present practices of what he calls "official unionism" and in his assumption that company unions are all that is necessary for the future.

CARROLL W. DOTEN.

CARROLL, M. R. *Labor and politics. The attitude of the American Federation of Labor toward legislation and politics.* (Boston: Houghton Mifflin Co. 1923. Pp. xix, 206. \$2.00.)

This study was awarded honorable mention in Class A in the Hart, Schaffner & Marx prize contest for 1921-1922. As its subtitle indicates, it deals with the policies of the American Federation of Labor with reference to legislation and methods of securing or opposing legislation. In the matter of political policies the author has confined herself closely to the Federation. She has not attempted to present the ideals or programs of labor groups outside it, nor those of individuals or minorities within the Federation. The pronouncements of the conventions of the Federation, of its committees, and of its authorized spokesmen mark the limits within which she has sought the attitude of organized labor toward political means and measures.

By far the greater part of the book is descriptive. Attitudes and the reasons for them fill the bulk of its pages. The treatment in this part of the study is fairly objective. The author lets the conventions of the Federation or its spokesmen state their case in their own words. The result is a useful addition to the available literature on the political aims and activities of the American Federation of Labor down to the year 1922. Apparently, material was added after the monograph was submitted to the judges, in order to include events that had happened after the study had been originally closed. The results are not always happy. The author states (p.157) that "in the case of the Coronado Coal Company, the Supreme Court awarded three-fold damages against an unincorporated union on charges of conspiring to restrain trade." Obviously the author had not carefully read the decision before adding it to her monograph.

In addition to the objective presentation, Dr. Carroll furnishes an appraisal of the Federation's program and even of some of the practices of trade unions that have no necessary connection with legislation or politics. The criticism of union policies in the economic field is neither original nor searching in its analysis. At times, too, the author fails to make clear that the Federation itself has no control over the policies of the affiliated unions with respect to such matters as admission to membership. On the side of political policy, the author generally commends the "non-partisan" policy of the Federation. This judgment is avowedly influenced by the fact that the Federation's policy is in harmony with the author's view of the proper relation to the state of the various groups within it.

D. A. McCABE.

COLE, G. D. H. *Out of work. An introduction to the study of employment.* (New York: Alfred A. Knopf. 1923. Pp. 96. \$1.)

DAS, R. K. *Factory labor in India. Factory legislation in India. Hindustani workers on the Pacific coast. The labour movement in India.* (Berlin: Walter De Gruyter & Co. 1923. Pp. 216; 192; 126; 112. \$1.20; 80c each.)

DIEHL, K. *Arbeitsintensität und Achtstundentag*. (Jena: Fischer. 1923. Pp. 52.)

DOUGLAS, P. H., and others. *The worker in modern economic society*. (Chicago: Univ. Chicago Press. 1923. Pp. xxxii, 929. \$4.50.)

FINER, H. *Representative government and a parliament of industry*. (London: Fabian Society and Allen & Unwin. 1923. 7s. 6d.)

FULLER, R. G. *The meaning of child labor*. National social science series. (Chicago: McClurg. 1922. Pp. 133. \$1.)

Mr. Fuller gives a vivid portrayal of the hazards to which child-laborers are subject and argues forcefully for the abolition of child-labor as a step toward the advancement of child welfare to a stage consistent with social expediency and justice to the children. His attack is centered on the employment of children of 14 and 15 years of age. Only a small part of his space is devoted to child-labor laws as such. The emphasis is on standards in legislation and the necessity of seeing to it that the proper substitutes, such as education, play, and incidental children's work, are provided for child-labor.

D. A. McC.

GALTON, F. W. *The tailoring trade*. Studies in economics and political science: Select documents, no. 1. (London: King. 1923. Pp. xviii, 242. 5s.)

Re-issue of a volume published in 1896.

GEYER, C. *Radikalismus in der deutschen Arbeiterbewegung*. (Jena: Thüringer Verlagsanstalt und Druckerei. 1923. Pp. vii, 111.)

GUYOT, G. *La loi des huit heures en France et ses conséquences économiques*. (Paris: Vic Universitaire. 1922.)

HAAS, F. J. *Shop collective bargaining. A study of wage determination in the men's garment industry*. Studies in the social sciences, vol. II. (Washington, D. C.: Univ. Press. 1922. Pp. vi, 174. \$1.)

HAMILTON, W. and MAY, S. *The control of wages*. (Workers' bookshelf series. (New York: George H. Doran Co. 1923. Pp. xiv, 185. \$1.50.)

Avenues of inquiry, not solutions, are what the authors offer in this little book, intended as an exposition for "the men and women workers in industry" of the factors that affect wages, with especial reference to the possibilities of control of these factors by the workers to the end that real wages may be increased. No attempt is made to assess the extent to which wages have been so controlled or to deal in quantitative terms with the possibilities of increase in any particular occupation or industry. Rather is it the authors' purpose to provide a syllabus of the elements that must be regarded in each specific case.

As an introductory survey of the factors affecting wage rates, this is a good piece of work. It is excellent in its treatment of the limits which exist at any time to what can be gained by groups of workers from other receivers of income, as contrasted with the possibilities of enlarging labor's share through increased production. The attention of the reader is repeatedly brought back to the latter as the most promising method of increasing real wages. The book is written in a very readable style which trespasses at times on the facetious. Not the least attractive fea-

ture of the volume is the use of pertinent quotations from Mr. Dooley to head the chapters.

D. A. McC.

HERTZ, P. und SEIDEL, R. *Arbeitszeit, Arbeitslohn, und Arbeitsleistung.* (Berlin: Verl. Gesellsch. Allgem. deutsch. Gewerkschaftsb. 1923.)

HOBSON, J. A. *The economics of unemployment.* (New York: Macmillan. 1923. Pp. 157.)

HOENIGER, H., SCHULTZ, R., and WEHRLE, E. *Jahrbuch des Arbeitsrechts.* (Mannheim: J. Bensheimer. 1922. Pp. xix, 317.)

HOFFHERR, R. *Le boycottage devant les cours anglaises.* (Paris: Giard. 1923. Pp. 180.)

JANES, G. M. *American trade unionism.* National social science series. (Chicago: McClurg. 1922. Pp. 138. \$1.00.)

Professor Janes has apparently set himself the task of presenting trade unionism in a favorable light to readers who are unfamiliar or unsympathetic with it. Within the limits which he has marked out for himself he has done a good job. He gives much information and the story moves against a background of reality and of understanding on the author's part of what it is all about. It seems, however, that he has given a disproportionate amount of the restricted space at his disposal to the Shingle Weavers and the Hart, Schaffner & Marx agreement. One result is that the regulatory policies of the unions get too scant treatment.

D. A. McCABE.

KLEIN, P. *The burden of unemployment. A study of unemployment measures in fifteen American cities, 1921-22.* (New York: Russell Sage Foundation. 1923. Pp. 260. \$2.)

KORN, K. *Die Arbeiterjugendbewegung. Einführung in ihre Geschichte.* (Berlin: Arbeiterjugend-Verlag. 1923. Pp. 97.)

LEYMAN, H. *Anthrax in the tannery industry.* Studies and reports, series F (industrial hygiene and accidents), no. 7. (Geneva: International Labor Office. 1923. Pp. 30.)

LOAF, T. *Der Kampf der Kohlenarbeiter in den Vereinigten Staaten von Nordamerika.* (Hamburg: Verlag der Kommunistischen Internationale. 1922. Pp. 67.)

LOSOWSKY, A. *Frankreich und die französische Arbeiterbewegung in der Gegenwart.* (Berlin: Phoebus-Verlag. 1922. Pp. 140.)

MALACHOWSKI, W. A. *Recht auf Arbeit und Arbeitspflicht.* (Jena: Fischer. 1923. Pp. viii, 262.)

PANETH, E. *Das österreichische Arbeiter-Recht in Industrie, Handel und Gewerbe.* (Vienna: M. Perles. 1923. Pp. 52.)

PAPI, G. U. *Il lavoratore alla gestione dell' impresa.* (Milan: Z. Vallardi. 1923. Pp. xii, 454. 22 l.)

PHILLIPS, M. *Frauen- und Kinderarbeit in der Textilindustrie.* (Amsterdam: Internationaler Gewerkschaftsbund. 1922. Pp. 82.)

SELLS, D. *The British Trade Board system. An enquiry into its operation.* (London: London School of Economics. 1923. 12s. 6d.)

- SHADWELL, A. *The engineering industry and the crisis of 1922*. (London: Murray. 1922. Pp. 90. 1s. 6d.)
- VIANA, M. *Sindacalismo: teoria e praxis delle organizzazioni economiche e di resistenza*. (Bari: G. Laterza. 1923. Pp. xxxii, 250. 15 l.)
- WEBB, S. *The Labour party on the threshold*. (London: Fabian Bookshop. 1923. Pp. 15.)
- Annuaire de la législation du travail, années 1914 à 1919*. Tome I. (Brussels: Ministère de l'Industrie et du Travail. 1923. Pp. 547. 20 fr.)
- The anthracite emergency of 1922-23, and how it was handled; submitted to the United States Coal Commission on behalf of the General Policies Committee of Anthracite Operators*. (Philadelphia: Comm. Anthracite Operators. 1923. Pp. 22.)
- Capitalism in the pillory. Labour speeches in support of Mr. Snowden's socialist motion in the House of Commons*. (London: Labor Party, 32 Eccleston Sq. 1923. Pp. 36.)
- General principles for the organisation of factory inspection*. (Geneva: Intern. Labor Office. 1923. Pp. 37.)
- Health and unemployment insurance. Third interim report of interdepartmental committee*. (London: H. M.'s Stationery Office. 1923. 3d.)
- Industrial relations*. (Rochester, N. Y.: Eastman Kodak Co. 1923. Pp. 36.)
- International labour conference. Fourth session*. French and English text. Two volumes. (Geneva: Intern. Labor Office. 1922. Pp. 1166.)
- Kansas Court of Industrial Relations, with list of references*. Labor laws of U. S. series, bull. 332. (Washington: Supt. Docs. 1923. Pp. 51. 10c.)
- Report of the twenty-third annual conference of the Labour party, London, 1923*. (London: Labor Party, 32 Eccleston Sq. 1923. Pp. 296.)
- Statistics of wages and industrial matters and of retail and wholesale prices, rents, and cost of living, 1895 to 1922*. (Pretoria: Office of Census and Statistics, Union of South Africa. 1922. Pp. 124. 2s. 6d.)
- The third winter of unemployment. Report of an enquiry undertaken in the autumn of 1922*. (London: P. S. King & Son. 1923. Pp. viii, 350. 6s.)

According to newspaper reports, unemployment in Great Britain during the coming winter is likely to be as great a problem as it has been during the three preceding years. This lends added interest to a detailed study of the problem as it presented itself in nine selected localities during August and September, 1922, published under the title *The Third Winter of Unemployment*. The study was undertaken by a committee of public men of diverse economic and political views, which included in its membership A. L. Bowley, Henry Clay, and B. Seeböhm Rowntree.

The results of the study are presented in two parts, part I giving a general survey of the extent of the problem, and part II containing the local reports of the nine industrial centers that were studied. There are also a number of appendices containing tables of local and industrial

distribution of unemployment; production and export of iron, steel, ships and coal; and expenditure on relief of unemployment.

Rarely do we get the facts of a period of unemployment reported from a first hand investigation in as valuable form as this. Not only are the extent of the problem and the effects of the depression presented in substantial quantitative form, but the working out of the relief measures is analyzed and evaluated in a scientific and competent manner. The character of the work may be gathered from some of the findings of the investigation and conclusions reached by the committee:

"The years 1921 and 1922 are the worst in the records of unemployment in this country. . . . A fifth or more of the industrial power of the country is running to waste. The measures of relief that have been adopted are so far successful that there has been, until recently, less political agitation than accompanied the depressions of pre-war years, depressions that compared with this were trivial.

. . . . We find that unemployment is heavily concentrated in the localities dependent on shipbuilding, engineering, the metal industries, and docks. . . . the major industries mentioned above account for the condition of five-sixths of the districts suffering from exceptional unemployment. . . . There are 100,000 more engineers employed though not full time, than were employed in June 1914. The war, it would seem, attracted into these industries an enormous number of men for whose work there is at present no demand."

With respect to relief measures, three conclusions seem to be justified: "(1) That the worst effects of unemployment in the way of privation and physical deterioration have been prevented; (2) that the chief incidence of distress is on a different section of the wage-earning classes from that on which it fell in pre-war depressions; (3) that the demoralization that, according to pre-war theories, would have been expected to result from the provisions of maintenance without work has not yet shown itself.

The absolute physical suffering that accompanied the less severe depressions of the pre-war years has been prevented, and 'the progressive deterioration which inevitably attaches to the condition of being maintained without work,' of which fears were entertained, is not yet evident on any extensive scale.

. . . . The Insurance Scheme, it must be recognized, is only a contribution to the relief of the unemployed. . . . It is impossible suddenly to change fundamentally the basis of the Insurance Scheme in the midst of an unprecedented depression, without undermining its specific insurance character. The essence of insurance is the proportioning of benefits to contributions; any departure from this confuses with relief. . . . We believe that the principle of contributory insurance is the proper principle on which to base provision for ordinary trade fluctuations; the extension of the Insurance Act, therefore, to meeting other needs seems unfortunate and inexpedient."

W. M. LEISERSON.

The twelve-hour shift in industry. By the Committee on Work-Periods in Continuous Industry of the Federated American Engineering Societies. (New York: E. P. Dutton & Co. 1922. Pp. ix, 302. \$8.50.)

The body of this volume is made up of two reports, one by Horace B. Drury and the other by Bradley Stoughton. Dr. Drury's report is in the nature of a general survey of the problem in all continuous industries,

whereas the Stoughton report, which is much briefer, deals exclusively with the iron and steel industry. These two reports are preceded by a summary of the findings of each and a further summary of those conclusions in regard to the change from the twelve-hour shift to the eight-hour shift which are found in both reports. There is also a foreword by President Harding.

The undertaking and conduct of this inquiry by a committee of engineers mark a signal advance toward the subjection of industrial policy to the canons of justice and the promotion of the welfare of *all* groups concerned. The initial impulses to the studies which are published in this volume came from a desire to discover how the twelve-hour shift might be done away with. Not production, not reduction of cost, but the elimination of a socially undesirable feature affecting the human element in industry was the object of the inquiry. The engineers' committee started with the assumption that "the twelve-hour shift day is too long when measured by twentieth-century ideas as to the proper conduct of industry." They proceeded by way of "fact-finding and fact-using" to measure the length and breadth of their problem and outline the steps necessary for its solution. They studied the extent of the twelve-hour practice, canvassed the experience of those who had substituted for it a shorter shift and checked off the cost of totally eliminating the twelve-hour shift under various sets of attendant circumstances.

The humanitarian motive back of these studies has not prevented the turning out of a volume of substantial scientific value. The data seems to have been carefully digested and is conservatively presented. Most of the work was pioneering in unstudied fields and, though it lacks statistical completeness, it established many things within fairly definite limits that had been the subject of guess work and controversial assertion. Finally, it is a matter of congratulation that the conclusions of the committee are favorable to the shorter work-day.

DAVID A. McCABE.

Wage changes in various countries, 1914 to 1922. (Geneva: Intern. Labor Office. 1923. Pp. 88. 40c.; 2s.)

Wages, hours and employment in American manufacturing industries. July, 1914—January, 1923, with supplemental data up to April, 1923. Research report no. 59. (New York: National Industrial Conference Board. 1923. Pp. 158.)

Women workers; what California has done to protect them; preliminary report. (Sacramento; California Industrial Welfare Commission. 1922. Pp. 14.)

Worker's register of labour and capital. (London: Labor Pub. Co. 1923. Pp. 223.)

Die Zukunft der Arbeit. Bd. 1, Heft 1, *Der Achtstundentag.* (Jena: Fischer. 1923. Pp. 40.)

Money, Prices, Credit, and Banking

NEW BOOKS

BAKER, K. W. *Old coins.* (New Haven: Yale Univ. Press. 1923. Pp. xiv, 76.)

- BATTISTA, M. *Codice del credito fondiario*. (Firenze: G. Barbera. 1923. Pp. 267. 20 l.)
- BEHRENS, K. L. *Paper money in Maryland, 1727-1789*. Johns Hopkins University studies in historical and political science, ser. 41, no. 1. (Baltimore: Johns Hopkins Press. 1923. Pp. 109.)
- BERGHOEFFER, C. W. *Meyer Amschel Rothschild. Der Gründer des Rothschild'schen Bankhauses*. Second edition. (Frankfurt a. M.: Englert & Schlosser. 1923. Pp. 244.)
- BOECKEL, R. *Labor's money*. (New York: Harcourt, Brace and Co. 1923. Pp. 181.)
- BONN, M. J. *Die Stabilisierung der Mark*. (Berlin: Verlag für Politik und Wirtschaft. 1923. Pp. 60.)
- BONNET, G.-E. *La politique monétaire anglaise d'après-guerre*. (Paris: Tenin. 1923.)
- BREWSTER, S. F. *Legal aspects of credit*. (New York: Ronald. 1923. Pp. viii, 549.)
- BRUNTON, J. *Letters on practical banking*. (London: Edward Arnold & Co. New York: Longmans, Green & Co. 1923. Pp. 144. \$2.50.)
- BYLES, J. B. *A treatise on the law of bills of exchange, promissory notes, bank notes, and cheques*. Eighteenth edition. (London: Sweet & Maxwell. 1923. 35s.)
- CABLE, J. R. *The Bank of the State of Missouri*. Columbia University studies in history, economics and public law, vol. CII, no. 2. (New York: Longmans, Green. 1923. Pp. 321. \$3.50.)
- CAILLEZ, M. *L'organisation du crédit au commerce extérieur en France et à l'étranger*. (Paris: Lib. Générale de Droit et de Jurisprudence. 1923. Pp. 376. 20 fr.)
- This is a very clear account of the attempts made by various countries to assist their foreign trade by bank credits and insurance. The suggestion made by M. Crozier of international *arbitrage*, the letters of lien and the letters of hypothecation which have been used by English bankers and the working of the British Export Credits Department are described. The last part of the book is occupied by an account of the creation and the functioning of the Banque Nationale Française du Commerce Étranger which was organized by the French government in 1919.
R. R. W.
- CANNAN, E. *Its connection with rising and falling prices*. Fourth edition. (London: King. 1923. 3s. 6d.)
- CONWAY, R. S. *Foreign exchange simplified*. (New York: Brookmire Econ. Service. 1923. Pp. 15.)
- DESPAUX, A. *L'inflation dans l'histoire*. (Paris: Imp. Spéciale de l'Information, 7 rue Cadet. 1923. Pp. 511. 7.50 fr.)
- FOSTER, W. T. and CATCHINGS, W. *Money*. Publications of the Pollak Foundation for Economic Research, no. 2. (Boston: Houghton Mifflin. 1923. Pp. viii, 409. \$3.50.)
- FRAME, A. J. *Sixty years in banking, 1862-1922; some thoughts on banking*. (Waukesha, Wis.: Author. 1923. Pp. 14.)

- HARBURGER, W. *Gleitende Währung. Mit einem theoretischen Anhang: Versicherung gegen Geldentwertung.* (Munich: Verlag von Duncker & Humblot. 1923. Pp. viii, 80.)
- HAWTREY, R. G. *Currency and credit.* Second edition. (New York: Longmans; Green & Co. 1923. Pp. 442. \$5.)
- HELFFERICH, K. *Geld und Banken.* (Leipzig: Hirschfeld. 1923. Pp. 674.)
- HODSON, C., editor. *The fair rate of interest for small loans as made by money-lenders, repayable in monthly instalments; also anti-loan shark laws by-states.* (New York: Legal Reform Bureau, 25 Church St. 1923. Pp. 179. \$1.)
- JASTROW, I. *Geld und Kredit.* Fifth edition, rewritten. (Berlin: Heymann. 1923. Pp. viii, 199.)

KANE, T. P. *The romance and tragedy of banking. Problems and incidents of governmental supervision of national banks.* (New York: Bankers Publishing Co. 1923. Pp. xv, 549.)

Mr. Kane describes his book as follows: "It is not an essay on banking and currency nor a discussion of financial or economic theories. It is simply a narrative of evidence of more or less importance and interest in the history of the National Currency Bureau (the comptroller's office) with some original deductions and comments. It deals with men and measures, methods and motives in connection with the administration of the Bureau."

A reading of the book convinces one that the author has performed the task which he assigned himself very well indeed. No other person could have written such a book, for it is the result of the author's uninterrupted service of more than thirty-six years in the National Currency Bureau. He has personally known every Comptroller of the Currency except two, and has served five of them in a confidential capacity. The book contains a fund of information about the actual operation of the comptroller's office unobtainable elsewhere. The history of its operation under each comptroller is given without much effort to describe the work of the office in relation to the various banking and currency problems which have arisen since the establishment of the bureau.

There is considerable detailed information about such topics as national bank examination and national bank failures. On the latter point there is no other source of so much information. Although there is much of interest only to the banker, the student of finance and banking will find here the best description of how this bureau has operated, and the general reader will appreciate the manner in which Mr. Kane describes how the office often under difficulties of political pressure has performed its work. On a number of matters of public interest in connection with the comptroller's office, as for example, the discussions arising in the latter part of Mr. Williams' administration, the author supplies information for a revised judgment. One cannot help, after reading the book, having an added respect for such government officials as the author, national bank examiners, and others, who, notwithstanding the small salary often received and the ever-present political influence, have year after year performed a high-grade service for the public.

There is little evidence of bias in the book, but all the while evidence that the writer has made an honest effort to evaluate fairly the character and work of each of the comptrollers.

W. F. GEPHART.

KERSCHAGL, R. *Theorie des Geldes und der Geldwirtschaft*. (Jena: Fischer. 1923. Pp. 144.)

KNAFF, G. F. *Staatliche Theorie des Geldes*. Fourth edition, revised. (Munich: Duncker & Humblot. 1923. Pp. xvi, 461.)

KOCH, A. *Der Warenkredit der Banken und seine Sicherstellung*. Second edition. (Jena: Fischer. 1922. Pp. viii, 128.)

LASSAR-COHN. *Gold und Papiergeld*. (Leipzig: Leopold Voss. 1922. Pp. 92.)

LEHFELDT, R. A. *Restoration of the world's currencies*. (London: P. S. King & Son, Ltd. 1923. Pp. xi, 146. 6s.)

"The soundest method of restoring currencies to stability and good working order lies in the old and tried gold standard." This is the quintessence of the present volume, the author of which is professor of economics in the University of Witwatersrand, Johannesburg. Comparing the merits of the gold standard with "managed paper money" (fiat money), the author comes to the conclusion that the value of "the monetary unit that is defined by means of gold" is primarily determined by natural causes, namely, demand and supply of gold and the cycle activity of trade, while fiat money according to the author can be regulated at will by the issuing authority. To overcome the fluctuations of the value of gold caused by its demand and supply, he suggests the formation of a gold syndicate which should exercise a monopolistic control over the output of gold and regulate its supply.

Analysis of the interests of the creditor and debtor class is made and the difficulties pointed out which are involved in the adjustment of the two groups under an appreciating or depreciating currency. The author discusses the necessity of free gold movements, the importance of gold reserves, international indebtedness, and the effects of the accumulation of gold in the United States. He reaches the conclusion that the present low value of gold is partly due to the lack of effective demand for gold and recommends a greater use of gold coin in everyday transactions.

The volume is of timely interest, and is written in popular style, making it possible even for the untrained man to understand some of the intricate problems of currency. However, the author deals with the subject mainly from the purely technical point of view, and overlooks almost entirely the more important economic problems such as balancing of budgets, and stabilizing balances of international payments, which are unconditional prerequisites for the restoration of the various currencies. Too much emphasis is laid on the importance of gold and too little on credit, in their relation to currencies and prices. The perfecting of the credit machinery of the various countries of the world has made it possible to have a redeemable currency on a smaller gold basis, and with the exception of a few countries in Central Europe, the question is not of additional gold, but of economic stability. A gold syndicate, as suggested by the author, would aid little in stabilizing prices, because prices are not less affected by business activity and credit expansion than by the

demand and supply of gold, and, secondly, because the syndicate would have no control over gold already held by the various countries.

It is also not likely that the restoration of the world's currencies will be brought about by the action of an international committee, as the author is inclined to believe, but rather that each nation will adopt means best suited to its own interests and problems. Several European countries are already on the way to restore their currencies and almost every one of them has adopted a different scheme.

M. NADLER.

- LEHNICH, O. *Währung und Wirtschaft in Polen, Litauen, Lettland und Estland*. (Berlin: R. L. Prager. 1928. Pp. xii, 356.)
- LINDSAY, S. McC. and MOON, P. T., editors. *The money problem*. A series of addresses and papers presented at the semi-annual meeting of the Academy of Political Science, in the city of New York, November, 1922. (New York: Acad. Pol. Sci., Columbia Univ. 1923. Pp. vii, 176.)
- LUTERBACHER, W. *Zur Krise des Schweizer. Hypothekar-Kredites während des Krieges und in der Uebergangszeit*. (Zurich: Orell Füssli. 1922. Pp. 151.)
- MARSILI, C. *Piccola enciclopedia bancaria*. (Milan: U. Hoepli. 1928. Pp. 313. 15 l.)
- MUHS, K. *Preispolitik und Preiskalkulation unter den Einwirkungen der Geldentwertung*. (Jena: Fischer. 1923. Pp. 60.)
- MÜLLER, A. H. *Versuche einer neuen Theorie des Geldes. Mit erklärenden Anmerkungen versehen von Dr. Helene Lieser*. "Der Herdflamme," Sammlung der gesellschaftswissenschaftlichen Grundwerke aller Zeiten und Völker, herausgegeben von O. SPANN, II. Band. (Jena: Fischer. 1923. Pp. 331.)
- OBENHAUS, K. M. *Die italienischen Wechselkurse während der Jahre 1914-1919, untersucht an der Hand der Cassel-Pohleschen Valutatheorie*. (Leipzig: Brandes & Co. 1923. Pp. 38.)
- PAGET, J. *The law of banking*. Third edition. (London: King. 1923.)
- PAPI, G. U. *Prestiti esteri e commercio internazionale in regime di carta moneta*. (Rome: Signorelli. 1923. Pp. 150.)
A discussion of the effect of foreign loans on prices in countries having an inconvertible paper currency. The author gives special attention to the theory of Professor Taussig, and in his last chapter discusses Cassel's "purchasing power parity."
- PATTERSON, S. H. *Cost of deposit accounts*. (New York: Guaranty Trust Co. 1922. Pp. 8.)
- RAWLINSON, A. *The true principle of money and its application in stabilizing the currencies*. (London: King. 1923. Pp. 16. 6d.)
- ROSENTHAL, H. S. *Cyclopedia of building, loan and savings associations, how to organize and successfully conduct them*. Fifth edition, revised and enlarged. (Cincinnati: Am. Bldg. Assoc. News Pub. Co. 1923. Pp. xii, 554.)

- SHELDON, H. P. *Elementary banking*. (London: Macdonald & Evans. 1928. 7s. 6d.)
- SIMONAZZI, L. *Il cambio e le sue leggi*. Preface by M. MAZZUCHELLI. (Milan: U. Hoepli. 1928. Pp. xiv, 271. 12.50 l.)
- STERN, E. *Der Höchstpreis*. (Munich: J. Schweizer Verlag. 1928. Pp. viii, 805.)
- TERHALLE, F. *Das deutsche Bankwesen*. (Berlin: Zentralverlag. 1922. Pp. 79.)
- . *Währung und Valuta. Eine Einführung in die deutsche Währungsfrage der Gegenwart*. Second edition, revised and enlarged. (Jena: Fischer. 1922. Pp. 79.)
- TICKNER, F. W. *Women in English economic history*. (New York: Dutton. 1928. Pp. 239. \$1.50.)
- TREMAN, R. H. *Trade acceptances: what they are and how they are used*. (New York: Am. Acceptance Council, 120 Broadway. 1923. Pp. 76. 25c.)
- TRISCA, P. *Le chèque, son internationalisation et son risque professionnel*. (Paris: Giard. 1923. Pp. 290.)
An account of the use of checks and of the laws relating to the obligations of bankers and others in regard to them. The book deals chiefly with French usage, but contains frequent reference to that of other countries, and has annexes giving summaries of legislation on the subject.
R. W. W.
- TUCCI, E. *Le banche di depositi: controllo ed ordinamenti, il panico dei depositanti e le crisi*. (Rome: Soc. ed. l'Editoriale. 1923. Pp. 339. 30 l.)
- WILLIS, H. P. *The federal reserve system—legislation, organization, operation*. (New York: Ronald. 1923. Pp. xiv, 1765. \$10.)
- YVES-GUYOT. *L'or. Situation actuelle et prévisions. Communication faite à la Société de Statistique de Paris le 21 Mars 1923*. (Paris: Jour. de la Soc. de Stat. 1923. Pp. 27.)
- Agricultural credit*. Report of committee of the Ministry of Agriculture. (London: H. M.'s Stationery Office. 1923. 9d.)
- La Banca bergamasca di depositi e conti correnti, 1873-1923*. (Bergamo: Istituto Italiano di Arti Grafiche. 1923. Pp. 68.)
- Bank directory of New England: Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut*. (Boston: Nat. Shawmut Bank. 1922.)
- British Association report on credit currency, finance and foreign exchanges*. (London: Burlington House. 1923.)
- Canadian banking practice*. Fourth edition, enlarged and revised to date. (Montreal: Canadian Bankers Assoc. 1923.)
- Changes in the cost of living, July, 1914—March, 1923*. Research rept. no. 60. (New York: National Industrial Conference Board. 1923. Pp. 84. 75c.)

The cost of a workingman's standard of living in Philadelphia at March 1923 prices. Citizens' business no. 567. (Philadelphia: Bureau of Municipal Research. 1923. Pp. 11.)

The control of retail credit. Nebraska studies in business, bull. no. 6. (Lincoln: Univ. Nebraska, Extension Division. 1923. Pp. 18. 50. c.)

Instructions of the Comptroller of the Currency relative to the organization and powers of national banks, 1923. (Washington: Supt. Docs. 1923. 45c.)

Maryland Bankers Association twenty-eighth annual convention, May, 1923. (Baltimore: Maryland Bankers Assoc. 1923. Pp. 134.)

Mémoires élaborés à l'occasion de la Conférence de la Haye, juin 1922. Supplément aux mémoires présentés à la conférence de Gênes. Finances publiques, circulation fiduciaire et banque d'état de la République des Soviets. (Paris: Banques Russes à Paris. 1922.)

Money in the United States. Bulletin no. 1 of the National Monetary Association. (New York: Nat. Monetary Assoc. 1923.)

This pamphlet is described in the prefatory note as one of a series intended to be informative and descriptive of fundamental problems in money and credit. In its general framework and manner of presentation it is well adapted to that end. It gives a succinct account of the various elements of our circulating medium and a somewhat fuller description of deposit banking as illustrated in the American system. Its usefulness, however, is impaired by several inaccuracies. Some of these errors are merely technical while others are seriously misleading to the uninformed reader.

On page 5 the relation between silver bullion and silver dollars is mentioned in a way which implies a sort of limited free coinage of silver. The statements concerning national bank notes suggest much greater opportunity for expansion of the amount outstanding than is actually the case. Notes may be issued up to 100 per cent of the issuing bank's capital, not to 125 per cent of capital and surplus (p. 6), and a comparatively small amount of government bonds now bears the circulation privilege. The dependence of our system on reserves of actual gold is exaggerated when it is said that the reserves against member bank deposits in federal reserve banks must be maintained in gold (pp. 9, 12), whereas they may be merely in lawful money. The lending operations of the reserve banks are loosely described by saying that they "lend their funds to some extent by purchasing United States government securities and short-term obligations of states, municipalities and banks; but they lend their funds principally by rediscounting. . . ." (p. 8). This overlooks the fact that investments have not infrequently exceeded holdings of commercial paper, and that advances on security collateral for a time surpassed rediscounts in amount. As a consequence the basis and potential amount of the credit extended by the federal reserve banks and its implications for stability of price levels are seriously obscured. The possibilities of the system are again glossed over (if recognized) in the statement that discounted paper must have not over 90 days to run (p. 8). The maximum was recently raised from six months to nine months. Finally, the significance of the federal reserve system will be largely lost to one who trustingly reads that "reserves need not be kept in the

vaults of member banks but *may* be deposited with the federal reserve banks" (p. 12; *italics mine*).

O. C. LOCKHART.

School savings banking during school year of 1922-23. Fourth annual report on systems throughout the United States with honor roll and comparative statistics. (New York: American Bankers Assoc. 1923. Pp. 15.)

School savings banking, including the standard method approved by the American Bankers Association, Savings Bank Division. (New York: Ronald. 1923. Pp. xi, 174.)

Special course in personal service for savings banks. (New York: Nat. Assoc. Mutual Savings Banks. 1923. Pp. 70. 50c.)

Columbia University, Teachers College, summer session, 1922, in coöperation with the women's division, National Association of Mutual Savings Banks.

Who's who in finance and banking, a biographical dictionary of contemporaries, 1920-1922. (New York: Who's Who in Finance, Inc. 1922. Pp. xvi, 935.)

Zur Frage der Geldentwertung. Das Gutachten des Obersten Gerichtshofes betreffend die Valorisation. (Vienna: M. Breitenstein. 1923. Pp. 22.)

Public Finance, Taxation, and Tariff

Public Finance. By M. E. ROBINSON. The Cambridge Economic Handbooks, III. (New York: Harcourt, Brace and Company. 1922. Pp. x, 172.)

Principles of Public Finance. By HUGH DALTON. Monographs of the London School of Economics and Political Science, no. 66. (London: George Routledge & Sons, Ltd. 1923. Pp. xii, 208. 5s.)

Public Finance, by M. E. Robinson, is the third of the recent series of Cambridge Economic Handbooks, the authors of which are the most distinguished among the younger economists of the Cambridge School. The chief purpose of the series, which has been brought out under the editorship of Mr. J. M. Keynes, is to give a clear statement of the most significant elements of economic method, so that "the number of those who can think for themselves may be increased." Hence particular emphasis has been placed on lucidity and accuracy of treatment rather than on the avoidance of difficult ideas.

If considered from the point of view of the aim of the series, Miss Robinson's book has been written with a fair degree of success. It exhibits many of the same qualities of analytical power, keen insight into our present economic organization and originality of style which are contained in other volumes of the series that have come to the reviewer's attention. The practical difficulties, however, of compressing the requisite material for a general treatise on public finance

into a slender volume of 172 pages are obvious. A large part of the historical and illustrative material which is vital in such a book has necessarily been omitted. For example, the entire subject of public expenditure is treated in a single introductory chapter. Likewise the question of equity in taxation is not given the attention commensurate with its importance, while the field of local finance, with all of its modern complexities, receives wholly inadequate treatment.

The author apparently believes that where considerable inequality of wealth exists the tax system should be based on ability to pay. This principle resolves itself into equality of sacrifice which in turn depends for its basis of realization, as exemplified in the reasoning of John Stuart Mill, simply on the "matter of opinion." Bearing in mind, also, minimum sacrifice, the state should take cognizance both of its present and future prosperity, so as to work as little injury as possible upon the permanent interests of the community.

One third of the book is devoted to a consideration of the problems of war finance and the post-war debt burden. In the opinion of the author any plan for the repayment of the European war debts by means of traditional methods will result in impeding economic development and possibly in prohibiting the state from undertaking necessary productive expenditure. Favorable consideration is given to the advantages, at least in Great Britain, of immediate repayment through a special levy on capital. The advisability of imposing such a tax would depend upon, first, the amount of revenue that could be realized, and secondly, upon the consequent reduction in taxation.

Professor Dalton has been more fortunate in presenting a well-balanced treatment of the theory and principles of public finance. As in the case of Miss Robinson's book, however, the reader will be disappointed that he has given practically no consideration to the problems arising from the local administration of taxes. We are told that comparatively few principles can be laid down with regard to financial administration, and it "therefore belongs to the stage of realistic study in public finance, rather than to that of general principles." The book comprises the substance of lectures given by the author at the London School of Economics, and is divided into four major parts: introductory, public income, public expenditure and public debts.

A cardinal maxim accepted by Professor Dalton as ideally governing any system of public finance is that of maximum social advantage. It is characterized as a principle which, though admittedly difficult of attainment, is obvious, simple and far-reaching. In theory, for example, public expenditure should be extended until the social advantage of a small increase is offset by the social disadvantage of a corresponding small increase in public income. Likewise, the total public revenue

should be distributed between different taxes and other sources of income in such a manner that the "marginal social disadvantages, or disutilities, of raising income from all these sources should be equal."

Continuing the idea of maximum social advantage, the author finds himself at variance on certain points with generally accepted principles: The distribution of the burden of taxation should be determined not on the basis of equity, which, being wholly a matter of opinion, is difficult of ascertainment and subject to frequent change, but from the point of view of economy. In this sense the best system of taxation is that which has the best (least bad) economic effects. The criterion of ability to pay becomes a question of the total economic welfare of the community. It is stated as a corollary that in a community in which great inequality of incomes prevails, there is no reason from the standpoint of economy why all, "or even the majority," of the members should contribute to taxation. The argument for universality in taxation on the ground that it tends to diffuse a sense of political responsibility and to impose a check on public extravagance is regarded as having little strength—an opinion in which the reviewer is unable to concur.

Professor Dalton, like Miss Robinson, is inclined favorably toward the policy of rapid payment of an internal public debt. Gradual repayment entails interest and sinking fund burdens, the effect of which is to check productivity and beneficial public expenditure. A policy of quick repayment, on the other hand, although temporarily necessitating a heavy burden, will make possible a reduction in future taxation as well as future increases in desirable public expenditure. It is his conviction, therefore, that Great Britain must sooner or later impose a special redemption levy on capital for the solution of the present debt problem.

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- Italian customs' tariff; full text of tariff enacted by decree of July 11, 1923, with the important amendments introduced by the Chamber of*

- Deputies affecting several duties and the treatment of certain imports from countries enjoying the "most favored nation" clause.* (Rome: Segretario Generale, Associazione fra de Società Italiane per Azioni, via Cesare Battisti 121. 1928. 25 lire.)
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Population and Migration

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- DAVIE, M. R. *A constructive immigration policy.* (New Haven: Yale Univ. Press. 1923. Pp. 46. 60c.)
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- HECKE, W. *Der Geburtenrückgang und seine Folge. Veröffentlichungen des Volksgesundheitsamtes im Bundesministerium für soziale Verwaltung, XX.* (Leipzig: Franz Deuticke. 1923. Pp. 20.)

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Social Problems and Reforms

- How Much Shall I Give?* By LILIAN BRANDT. (New York: The Frontier Press, 100 West 21st. St. 1921. Pp. xi, 153.)
- What Can a Man Afford?* By PAUL and DOROTHY DOUGLAS, and by CARL S. JOSLYN. (New Haven, Conn.: American Economic Association. 1921. Pp. ix, 95; 23. \$1.00.)

These three ranking monographs in the Karelson Prize Competition are far apart in method. Although each has merits, none possesses that finality for which many minds yearn.

Miss Brandt is particularly apt in her analysis of "why we give," of "how we decide what to give," and of "how much we do give." She offers an illuminating historical review of the philosophy of giving, and

she knows how coöperative appeals and authoritative endorsements of organizations have made the charity of today more generous and more effective. Pertinently she insists that one cannot dodge his responsibility for the worthiness of the object of his gift even though he contribute through the community chest. Miss Brandt concludes with this "pragmatic formula": "A man can afford, and ought, to contribute to philanthropic purposes such part of his income as his informed intelligence, guided by a sincere concern for the common welfare, dictates; and this amount he can afford, and ought to give, 'even though he be the poorest man in Israel.'" Now would anyone not laboring under a "sincere concern for the common welfare" seriously ask the original question? Did not this quest arise because "the informed intelligence" was in desperate need of some external basis of judgment? Philosophically, Miss Brandt's solution is doubtless perfect; practically, she has used a hundred and fifty pages merely to restate her original question.

Mr. Joslyn is more concrete. He starts with the family budget and demonstrates that religious and charitable contributions must come out of the allotment for sundries. Therefore, the ideal total contribution will vary with that part of the income available for sundries. The variation will be progressive because ability to pay increases progressively. Yet, he holds, any principle of progression, however plausible, will appear upon analysis to be unsound "owing to the high degree of uncertainty involved on such abstruse points in the study of family budgets." Therefore, the scale of giving proposed is frankly arbitrary and *tentative*, although carefully framed to avoid overtaxing the lower income classes and lightly burdening the wealthy. To confirm and perhaps establish his idea, Mr. Joslyn reproduces the Chart for Givers prepared by the Interchurch World Movement in 1920. The concluding discussion of the question whether one should give to charity at all ought to have been put first. It is bad psychology to raise this question *after* telling one how much he should give.

Whether we ought to give does not worry the Douglasses. They start out by showing that the annual contributions of private funds to religion and philanthropy must amount to \$1,719,000,000 if the necessary work is to be done. Basing their estimate upon past records, they place the annual national need for fresh capital at \$6,000,000,000. Their problem, then, is to show how these two sums can be obtained from personal incomes after taxes have been paid and living expenses have been met. On these foundations, plus estimates of the distribution of incomes in the United States, the Douglasses work out a recommended scale of giving and of saving based on the income per equivalent adult male in the family. The suggested quotas are progressive

up to incomes of \$30,000 per equivalent adult male: from that point the scale is regressive because of the increasing burden of income taxes.

The work of the Douglasses is ingenious; the fundamental premises are satisfactory, the reasoning is sound. If we all gave and saved as they suggest the needs of philanthropy and of business would be met. Some criticisms, however, must be outlined. The prescription for saving does not provide sufficiently for independent old age until the higher income groups are reached. This is a vital defect in drafting an ideal plan. Again, it seems that the "equivalent adult male" is a highly involved concept to instil in the public mind. However, it would be easy to draft a table on the Douglas basis but outwardly resembling the Chart of the Interchurch World Movement. This table would be at once scientific and comprehensible to the masses. Finally, as the Douglasses would be the first to admit, family circumstances are so complex that no table of philanthropic quotas could be at once just and usable. Of many important variables the Douglas scale takes no account; for example—age of the head of the family, educational plans for the children, family debts, health, plane of living demanded by business or profession, etc. However, one seems forced to elect between an oversimplified scale that will work substantial justice and so futile a generalized formula as that of Miss Brandt.

It is therefore pertinent to suggest that a popularized statement of the Douglas scale can be used with great profit in those communities where the charities are coöperating in a common chest or fund. It is important to add the hope that the causes aided may be so wisely chosen that the time will be hastened when organized charity will be needed no more in the land.

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Health Building and Life Extension. A discussion of the Means by Which the Health Span, the Work Span and the Life Span of Man can be Extended. By EUGENE LYMAN FISK. (New York: The Macmillan Company. 1923. Pp. xvi, 521. \$3.50.)

After his work in *How to Live*, Dr. Fisk would be expected to produce an unusually good book. He has done it. Dr. Fisk's rich experience as medical director, first of the Metropolitan Life Insurance Company, and then of the Life Extension Institute, has been supplemented by the collaboration of Mr. Harold A. Ley, of Dr. Earl B. Fowler, of Dr. C. T. Sharpe, and of the Committee on the Elimination of Waste in Industry of the Federated American Engineering Societies.

The first part of the work depicts the "Physical state of civilized man." A wide range of statistics and charts is offered to show the

great waste of humanity through illness and unnecessary death. Dr. Fisk estimates a probable saving of health and life of an annual economic value of \$3,045,000,000. This could be accomplished through a system of periodic physical examination and moderate health supervision at a cost of \$5 per capita or \$525,000,000 for the United States and through the necessary medical, dental, and surgical repairs of sub-standard cases at an expense of about \$1,000,000,000. The net gain would be \$1,520,000,000 plus "excess dividends in health, happiness, satisfaction in living," etc. The gospel of life extension is summarized in the sentence, "The body does not simply wear out; it is infected out, poisoned out, starved out, or deficiencied out" (p. 58). If that is the case, why die at all?

In part II, this question is answered by a thorough discussion of infections, poisons, food excesses and deficiencies, hormone excesses and deficiencies, and physical trauma. Of men actually at work 14 per cent need systematic medical or surgical supervision, and an additional 76 per cent have moderate physical impairments, while not one in 10,000 is physically perfect (p. 97.)

Dr. Fisk comes to his real message in part III, which treats "Preventive, remedial, and constructive measures." This is an excellent plea for health building and preservation. "The medieval notion that disease is an entity instead of a manifestation of certain infections or toxic agents. . . . still envelops the practice of medicine in a haze" (p. 412). Our medical colleges are better than they ever were, but "The science of analyzing human beings in order to ascertain what they need in the matter of hygiene, correction of physical defects, and the ordering of life in keeping well is not intensively taught in any school so as to make it a part of the equipment of the average practitioner" (p. 411). While Dr. Fisk advocates a development of public, industrial, and charitable health organizations, he is most insistent upon providing a health center for every 50,000 people and on encouraging the new type of physician who looks upon the human body as a whole to be kept constantly in tune.

There can be no doubt of the soundness of this idea. The leaders in the medical profession are advocating it. The American Medical Association is on record as approving preventive medicine and is sponsoring a new periodical, *Hygeia*, devoted to the task of disease prevention and health building. The Medical School of Indiana University is "pioneering" in the establishment of instruction in public health. The reviewer has found among the physicians of his acquaintance an unexpected willingness to experiment in protecting a family's health for a fixed annual stipend rather than following the old clinical system of treating acute manifestations.

The defects in this book are of two sorts. First, the division of material between chapters in part III seems at times illogical. Second, and more serious, are the occasional abuses of the graphic method. The charting of a "Federal, State, Community, and Industrial Health Plan" (p. 374) is too involved for any but the most careful reader and too disjointed for him. The "Health Span-Life Span" chart (p. 10) conveys a wrong impression—the curves are so drawn as to suggest the comparison of areas rather than lengths and the lengths of the curves are not proportional to the times to be compared. The base line, which is correctly proportioned and which is the important thing on the page, is overshadowed by these arcs and areas simply because a very pretty poetic image overpowered the draftsman. In another case, "classification of causes of accidents" (p. 250), the desire to make a symmetrical design has thrown the pie diagrams into gross misproportion. The circles representing the accidents in mines, falls, machinery, etc., are of equal diameters. So a sector of 133° in the circle "mines" represents 5.85 per cent of *all* accidents while a sector of 225° in the equal circle "falls" represents but 4.87 per cent of all accidents. The caption of the cartograms (p. 250) is not clear enough.

These violations of graphic principles, however, appear to be the work of Dr. Fisk's collaborators. They in no way detract from the value of the text. The book is a real contribution to the literature of public and personal health with a vital message, based on science, and dispassionately stated.

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- ANESAKI, M. *The religious and social problems of the Orient.* (New York: Macmillan. 1928. Pp. 88. \$1.)
- ANDREWS, B. R. *Economics of the household. Its administration and finance.* (New York: Macmillan. 1928. Pp. 628.)
- BALDESI, G. *Di tante briciole fare una briciola sola.* (Firenze: Tip. Galileiana. 1928. Pp. 157. 5 l.)
- BEMAN, L. T., compiler. *Selected articles on current problems in municipal government.* The handbook series. (New York: Wilson. 1928. Pp. xiii, 542. \$2.40.)
- Contains bibliography and selection of articles dealing with growth of

cities, city government, municipal home rule, commission plan and city manager plan.

BINDER, R. M. *Major social problems*. Second edition. (New York: Prentice-Hall. 1921. Pp. 324. \$2.)

Contains essays on the moralization of the family, the increasing importance of eugenics, significance of the woman's movement, the new social control, socialization of business, function of nationalism, and material and cultural civilization.

BLISS, A. I. *Iowa child welfare legislation measured by federal Children's Bureau standards*. (Iowa City: Univ. of Iowa. 1923. Pp. 52.)

BOETTIGER, L. A. *Employee welfare work; a critical and historical study*. (New York: Ronald. 1923. Pp. vi, 301.)

BOGARDUS, E. S. *Essentials of Americanization*. Third revised edition. (Los Angeles, Calif.: Jesse Ray Miller, 3474 University Ave. 1923. Pp. 448. \$2.50.)

CADY, V. M. *The estimation of juvenile incorrigibility. A report of experiments in the measurement of juvenile incorrigibility by means of certain non-intellectual tests*. Journal of Delinquency, monograph no. 2. (Whittier: California Bureau of Juvenile Research. 1923. Pp. 140.)

CHERRINGTON, E. H. *America and the world liquor problem*. (Wester-ville, O.: American Issue Press. 1922. Pp. 182.)

COLE, G. D. H. *Out of work. An introduction to the study of employment*. (New York: Knopf. 1923. Pp. 96. \$1.)

DAVIES, S. P. *Social control of the feeble-minded; a study of social programs and attitudes in relation to the problem of mental deficiency*. (New York: Author. 1923. Pp. 207.)

DICKINSON, G. L. *War: its nature, cause and cure*. (New York: Macmillan. 1923. Pp. 155. \$1.50.)

DIETZ, C. F. *Employee education in fundamental economics: how to tell the story*. An address delivered at the eleventh annual meeting of the Chamber of Commerce of the United States. (Washington: Chamber of Commerce. 1923. Pp. 17.)

DOUGLAS, HITCHCOCK, and ATKINS. *The worker in modern economic society*. (Chicago: Univ. Chicago Press. 1923. Pp. xxxii, 929. \$4.50.)

EATON, T. H. *Vocational education in farming occupations; the part of the public high school*. (Philadelphia: Lippincott. 1923. Pp. 374. \$2.)

EWER, B. C. *Applied psychology*. (New York: Macmillan. 1923. Pp. xii, 480.)

"The steady advance of industrial and commercial psychology has carried along with it much absurd pseudoscience" the lure of which is "the promise of speedy results." Scientific psychology, however, "possesses no magic touch which enables it to solve the human problems instantaneously; its investigative work should be as cautious and patient as that of other departments of science." Thus Ewer conceives ideally the character, as he also conceives the functions, of applied psychology. In clear, un-

technical English, with an ever-human point of view, the author surveys the aims of applied psychology and the particular content of three important fields of application, the educational, medical, and industrial. These four parts of the book are excellently integrated, and no one can criticize the work as a compendium of scattered data. The emphasis on explanation, however, is rather at the expense of material deserving inclusion. A serious gap is left by the inadequacy or absence of reference to such topics as the ductless glands, the influence of drugs, fatigue, accidents, trade tests, and special abilities. Although the existing material on some of these topics is in some measure controversial, the presentation of such data as are at hand would be scientifically serviceable.

CHARLES LEONARD STONE.

FELSTEAD, S. T. *The underworld of London.* (New York: Dutton. 1923. Pp. 301. \$8.)

FOSDICK, H. E. *Christianity and progress.* (New York: Fleming H. Revell Co. 192. Pp. 247.)

GAULT, R. H. *Social psychology. The bases of behavior called social.* (New York: Holt. 1923. Pp. x, 336. \$2.50.)

Dr. Gault protests against the mystic concept of group mind, so popularized by the speculations of LeBon and McDougall. "The whole course of transition from the individual to the social is within the individual himself," in his awareness of the responses of others to his behavior and of his responses to the behavior of others, in similarities of the purposes and ideals of others to his, and in the emotional satisfactions in his relations to others.

Dr. Gault also revolts from the prevailing presentation of social psychology by offering a basis of social understanding in objective facts and conditions rather than in either a fatuous preoccupation with social fads and foibles or a philosophy of instinct hierarchies.

There is much valuable material and much sane thought in this book. The true serviceability of the work, unfortunately, is somewhat obscured by faulty organization. The first three chapters, definitive and explanatory in nature, could be appreciably condensed and more distinctly delineated. The relevance of many quoted studies and statistics is frequently vague, and the parts of a chapter thus seem disjointed. The chapters on convention and social progress seem particularly to need outline. With these revisions the volume would be a staunch challenge to the student of social affairs.

CHARLES LEONARD STONE.

GOLDSMITH, E. B., compiler. *Opportunities for vocational training in New York City.* (New York: Vocational Service for Juniors, 17 Lexington Ave. Pp. 94. 25c.)

GORE, G. W., JR. *Negro journalism; an essay on the history and present conditions of the negro press.* (Greencastle, Ind.: Author. 1922. Pp. 35.)

GRAY, J. H. *The economic order; what is it? What is it worth?* Christianity and industry series, no. 9. (New York: Doran. 1923. Pp. 52. 10c.)

HALBERT, L. A. *What is professional social work?* (New York: Survey, 112 E. 19th St. 1923. Pp. 159. \$1.50.)

- HARRIS, E. P. and HOOKE, F. H. *The community newspaper; its promise and development.* (New York: Appleton. 1923. Pp. 378. \$2.50.)
- HERTZLER, J. O. *The history of Utopian thought.* (New York: Macmillan. 1923. Pp. 321.)
- HOBSON, J. A. *The economics of unemployment.* (New York: Macmillan. 1923. Pp. 157. \$1.75.)
- HUGHAN, J. W. *A study of international government.* (Crowell's social science series. (New York: Crowell. 1923. Pp. xix, 401.)
- JACKSON, H. E. *Robinson Crusoe, social engineer.* (New York: Dutton. 1922. Pp. x, 297. \$3.)
- This book was noted in the September REVIEW, page 525. Attention is called to the fact that the publisher is not Putnam, as there stated, but E. P. Dutton & Company.
- JOHNSON, A. *Adventures in social welfare; being reminiscences of things, thoughts, and folks during forty years of social work.* (Fort Wayne, Ind.: Author. 1923. Pp. 455. \$3.)
- LEHFELDT, R. A. *Settlements and their outlook.* (London: King. 1923. Pp. 192. 2s. 6d.)
- MELE, D. *I discorsi di un industriale.* Preface by A. Russo. (Rome: "L'Eloquenza." 1923. Pp. 205. 10 l.)
- NAMIAS, A. *Principi di sociologia e politica.* (Rome: A. Signorelli. 1923. Pp. 317. 20 l.)
- O'SHEA, M. V. *Tobacco and mental efficiency.* (New York: Macmillan. 1923. \$2.50.)
- PARRISH, C. H. *Conservation in Indiana; how it works for the state's future prosperity.* (Indianapolis: Dept. of Conservation. 1923. Pp. 28.)
- PATTERSON, S. H. *Family desertion and non-support; a study of court cases in Philadelphia from 1916 to 1920.* (Whittier, Cal.: Whittier State School. 1922.)
- PINTNER, R. *Intelligence testing.* (New York: Holt. 1923. Pp. 406. \$2.50. School edition, \$2.)

The recent progress in the field of psychological tests has become a matter of current interest. The literature relating to various phases of testing has been so scattered, however, that the general reader has had to be content with superficial or partial accounts. Dr. Pintner, himself a pioneer in the field of performance or non-language tests, has now integrated in a most readable book material from a remarkable number and variety of sources. Four initial chapters present the fascinating history of intelligence testing; the next two chapters concern methods; and the fourteen following chapters treat of the results of testing. Of these latter chapters the economist and executive will be particularly interested in those on the feeble-minded, the superior, the delinquent, the dependent, the foreign-born, and the employee.

Although intelligence testing is far from perfect at the present time, the increased use, experimentation, and extension of psychological tests show a significant development toward an improved understanding and

control of human behavior. Dr. Pintner's account of this development in its many phases is clear, complete, and authoritative.

CHARLES LEONARD STONE.

PRICE, R. R. *The financial support of the University of Michigan: its origin and development.* (Cambridge, Mass.: Harvard Univ. 1923. Pp. 58.)

RAVAGE, M. E. *The malady of Europe.* (New York: Macmillan. 1923. Pp. 250. \$2.)

ROBERTS, G. E. *The unity of social interests.* (Ames: Iowa State College of Agriculture. 1923. Pp. 16.)

ROSEBUCH, J. G. *The ethics of capitalism.* (New York: Association Press. 1923. Pp. viii, 196. \$1.)

SCUDDER, V. D. *Social ideals in English letters.* New and enlarged edition. (Boston: Houghton Mifflin. 1923. Pp. 359. \$2.75.)

SMITH, R. E. *Christianity and the race problem.* (New York: Fleming H. Revell Co. 1922. Pp. 156.)

THOMAS, N. *The challenge of war; an economic interpretation.* (New York: League for Industrial Democracy. 1923. Pp. 36. 10c.)

TOWNE, C. H. *The rise and fall of prohibition; the human side of what the eighteenth amendment and the Volstead act have done to the United States.* (New York: Macmillan. 1923. Pp. x, 220. \$2.)

TUFTS, J. H. *Education and training for social work.* (New York: Russell Sage Foundation. 1923. Pp. xii, 240. \$1.50.)

WHEELER, M. I. *The community social center.* (Milwaukee: Author, National Soldiers Home. 1923. Pp. 97.)

WOODS, R. A. *The neighborhood in nation-building; the running comment of thirty years at the South End house.* (Boston: Houghton Mifflin. 1923. Pp. viii, 348.)

Apprentice education. A survey of part-time, evening and other forms of related instruction. Federal Board of Vocational Education, bull. 87. (Washington: Supt. Docs. 1923.)

Bourneville housing: a description of the housing schemes of Cadbury Brothers in 1922. (Bourneville, Eng.: Cadbury Bros. 1923. Pp. 55.)

Childbirth protection. (Washington: Committee on Women in Industry of the National League of Women Voters. 1923. Pp. 11.)

Child welfare hand book. Second edition, enlarged. (New York: National Child Welfare Assoc., 70 Fifth Ave. 1923. Pp. 47. 50c.)

Directory of local child-health agencies in the United States. Bureau publication no. 108. (Washington: Children's Bureau. 1922. Pp. 840.)

Effectiveness of vocational education in agriculture. A study of the value of vocational instruction in agriculture in secondary schools as indicated by the occupational distribution of former students. Federal Board for Vocational Education, bull. 82. (Washington: Supt. Docs. 1923.)

How much should I spend for clothes? Suggesting an apparel budget for women. (New York: R. H. Macy & Co. 1923. Pp. 16.)

- Principles underlying the distribution of aid to vocational education in agriculture.* Federal Board of Vocational Education, bull. 84. (Washington: Supt. Docs. 1923.)
- Prohibition and its enforcement.* The Annals, vol. CIX; no. 198. (Philadelphia: Am. Acad. Pol. & Soc. Sci. September, 1923. Pp. 325. \$1.)
- The Providence zone plan. Report outlining a tentative zone plan for Providence.* (Providence, R. I.: Joint Standing Committee on Ordinances. 1923. Pp. 30.)
- Report of first biennial convention of the Jewish Welfare Board.* (New York. 1922. Pp. 68.)
- Selected list of references on correctional institutions in cities.* (New York: Municipal Reference Library. 1923. Pp. 5, typewritten.)
- Seventeenth annual meeting of the American Sociological Society, held at Chicago.* (Chicago: Univ. of Chicago Press. 1923. Pp. 262.)
- Supervised practice in agriculture. Aims and values of such practice and responsibilities of pupils, teachers, state administrators, and local boards of education.* Federal Board for Vocational Education, bull. 83. (Washington: Supt. Docs. 1923.)
- The texture of welfare. A survey of social service in Bradford.* (London: King. 1923. Pp. 193. 2s. 6d.)

Insurance and Pensions

Risk and Risk-Bearing. Materials for the Study of Business. By CHARLES OSCAR HARDY. (Chicago: University of Chicago Press. 1923. Pp. xix, 400. \$3.50.)

In *Risk and Risk-Bearing* the author has attempted to isolate and explain the influence of uncertainty in economic life. The opening chapters explain the problem of risk and the various ways in which the business man deals with that problem. The body of the book treats in considerable detail specific fields in which uncertainty is peculiarly important: the business cycle, investment, speculation, insurance and labor. The final chapter, "Social aspects of risk-bearing," considers the problem of uncertainty from the point of view of the public.

The author points out that, given the present organization of society and the uncertainty inherent in business enterprise, it is necessary to allow the business man to receive profits in order to encourage the exercise of productive initiative. This does not mean that profits should be allowed to run uncontrolled. Profits due to monopoly may well be confiscated, likewise profits which "arise in a way which might reasonably have been anticipated when capital was invested" (p. 362). But if profits in general "are confiscated persistently and as a matter of public policy, some method of protecting investors against risk must be provided, or risky enterprises will be avoided" (p. 363).

Gambling is condemned and insurance approved while speculation in

organized markets is assigned a valuation midway between that given these activities. A comparison of medieval and modern organizations yields the conclusion that the question of their relative value, "from the standpoint of the risk involved, is an open one. The range of uncertainty has for most men increased, but the uncertainty arises largely from the possibility of better things; whether these possibilities are worth the risks they entail is largely a matter of the individual's preference as to the kind of world he wants to live in" (pp. 389-390). The book closes with an inconclusive and brief discussion of uncertainty in a socialistic organization.

The present text renders two distinct services: it develops the manifestations of risk in economic affairs and analyzes risk-bearing in its principal forms in such a way as clearly to present the point of view of the economist who views business activity on the functional basis adopted by the Chicago group; it also furnishes a collection of material to use in courses organized on this functional basis.

Of the desirability of presenting adequately the theory and facts of the problem of risk there can be no doubt. But one questions whether the detailed description of practices which is contained in the present volume does not at times err in the direction of an attempt to present an entire subject in tabloid form. For example, the discussion of security markets (ch. 8.) might serve as an outline for a descriptive text on stock exchanges. Likewise, in the chapters on insurance one finds classifications of companies and contracts, and brief descriptions of practices which appear to have been boiled down from more extensive treatments. In many places, however, long quotations are introduced which represent undue emphasis on particular phases of a field. For example, reciprocal insurance, which is relatively unimportant in volume and significance, is described at great length (pp. 306-13) while the diverse organizations which represent by far the greater part of insurance activity are given only cursory treatment. Would it not be better in most cases to omit any attempt at presentation of the details of organization and activity in these various fields, referring the reader to specialized texts where knowledge of such details is necessary or desirable? The element of risk is so much involved in practically every business activity that the widest sort of knowledge of business is necessary to a comprehension of the risk problem. The author's attempt to include with his analysis of risk the factual material involved has led him to a too much skeletonized treatment of the facts.

The general attitude of the author toward business practices is remarkably well balanced. Too often one finds that books on business reflect the bias of participation in business or of opposition to business

in general. In other cases authors writing in specific fields become apologists for practices in those fields. In this volume the author finds much to praise, much to condemn and much to question but it does not appear that his attitude is other than that of the analyst and student who is primarily concerned with what we should preserve of the present order, what we should eliminate, and what new devices we should adopt.

The general theory of risk is well presented, as is its application in specific fields. With this presentation the reviewer has no quarrel except to suggest that the subject of prevention has received what he considers inadequate attention. Reference might be made to certain errors of fact and of emphasis which the reviewer has noted, but since they are nearly all in his own field it is not improbable that such reference would in itself constitute an error of emphasis. Doubtless the author will have at his disposal the comments of specialists in each of the fields which he discusses for use in the preparation of a second edition.

RALPH H. BLANCHARD.

Columbia University.

Insurance against Unemployment, with Special Reference to British and American Conditions. By JOSEPH L. COHEN. (London: P. S. King and Son. 1921. Pp. 536. 18s.)

Cohen's book deserves to rank along with the works of Beveridge, Webb, Lescohier, and others as one of the half dozen best books in the English language on the subject of unemployment. It is far superior to Gibbon's *Unemployment Insurance*, its only rival in the field covered by its title, and this is of necessity so, for Gibbon wrote in 1911 when little more than half-hearted attempts had been made to apply the principles of insurance to the unemployment problem.

The treatment by Cohen is somewhat wider than that indicated by the title of the book. He devotes the first fifty pages to an excellent review of the extent, causes and effects of unemployment and in a thoroughly fair and sympathetic manner he gives a critical appraisal of the other than insurance methods which have been proposed for solving the unemployment problem.

Mr. Cohen believes that unemployment as a contingency possesses all the characteristics which any hazard must have to become an insurable risk; it is one to which large numbers are exposed; it is regarded as a menace to be provided against by those so exposed, and the risk is one capable of being calculated with some degree of accuracy.

Although all the Continental insurance schemes, including the Ghent scheme, are reviewed, these timid and only partially successful plans are rejected in favor of the British unemployment insurance plan, to

which most of the book is devoted. The main provisions of this plan are well known to students of the subject of unemployment and need not be here recited. Although it has proved inadequate to solve the problem of post-war unemployment in Great Britain, this is no fault of the British plan and the existence of such a plan has been exceedingly valuable in assisting the British government to deal with the problems created by the war. Nothing shows this so well as the extension of the plan in 1920 to all important classes of wage-earners except those engaged in agriculture and domestic service. Mr. Cohen says: "The success of the scheme has gained for it the support of all sections of the community. No party or group of individuals exists in Great Britain who want to see its withdrawal."

For the United States, Mr. Cohen outlines a plan for dealing with unemployment which includes all the features familiar to students of this problem, such as a national system of employment exchanges, juvenile employment bureaus with vocational guidance bureaus to investigate and report continuously on the amount of unemployment, aid to immigrants in securing employment and finally a scheme of unemployment insurance, similar in most respects to the British scheme but with contributions and benefits graded according to wage classifications and differences in the standards of living.

To all of this there can be no objection by the serious student of the problem. The more difficult task before us is to educate the public as to its necessity.

M. B. HAMMOND.

Ohio State University.

NEW BOOKS

CHAMBERLIN, W. F. *Industrial relations management as affected by group insurance.* (Hartford, Conn.: Travelers Ins. Co. 1922.)

COHEN, J. L. *Insurance by industry examined.* (London: King. 1923. Pp. 120. 5s.)

———. *Workmen's compensation in Great Britain.* (London: Post Magazine. 1923.)

COWLES, W. G. *What is the matter with the automobiles?* Address before the Insurance Society of New York, December 6, 1921. (Hartford, Conn.: Travelers Ins. Co. 1922. Pp. 25.)

DEGAS, M. *Le problème de l'assurance maladie-invalidité.* (Paris: P. Dupont. 1922. Pp. 286.)

DEITCH, G. A. *Digest of insurance cases. Volume 34, for the year ending October 31, 1921.* (Indianapolis, Ind.: Rough Notes Co. 1922. Pp. 375.)

DOMIZLAFF, K. and BLASE, H. *Feuerversicherung. Versicherungs-Bibliothek, herausgegeben von Professor Dr. ALFRED MANES. II Band. Second edition.* (Berlin: Mittler. 1923. Pp. viii, 158.)

GREER, W. J. *Fire losses and adjustments; some factors and fundamentals.* (New York: Ins. Soc. of N. Y. 1923. Pp. 14.)

GRINDA, E. *Rapport sur les assurances sociales.* Chambre des Députés. (Paris: Martinet. 1923.)

HECKE, W. *Der Geburtenrückgang und seine Folgen.* (Leipzig: Franz Deuticke. 1923.)

KOBURGER, J. *Versicherungs-Buchführung.* Versicherungs-Bibliothek herausgegeben von Professor DR. ALFRED MANES. I Band. Second edition. (Berlin: Mittler. 1923. Pp. viii, 181.)

MANES, A. *Socialversicherung (Arbeiterversicherung und Angestelltenversicherung).* Fifth edition, enlarged. (Berlin: Walter de Gruyter & Co. 1923. Pp. 124. 25c.)

RITTER, C. *Das Recht der Seeversicherung. Ein Kommentar zu den Allgemeinen Deutschen Seeversicherungs-Bedingungen.* (Hamburg: L. Friedrichsen & Co. 1923. Pp. 208.)

Insurance facts; a compilation of insurance information accumulated during many years of practical experience. (Philadelphia: Tift, Layer & Co. 1923. Pp. 107.)

A pay as you go pension plan. (New York: Metropolitan Life Insurance Co. 1923. Pp. 12.)

The Metropolitan Life Insurance Company is offering to provide private firms with paid-up annuity policies for retirement pensions. The plan proposed was discussed at length in Conant's *Critical Analysis of Industrial Pension Systems* (see review in September issue of AMERICAN ECONOMIC REVIEW). The pamphlet gives a full statement of the various factors involved and also provides a sample form of circular to be distributed among employees, which is a model of clearness and conciseness. The table of costs of these pension certificates is of interest; to provide a life pension of \$10 annually beginning at age 65 costs: for age 30, \$16.10; with each additional year the cost rises; at 40 it is \$24.94; at 50 it is \$39.85, etc. These are the rates for males; for females the cost for the same ages is \$19.65, \$30.71, and \$48.90.

HENRY J. HARRIS.

Pensions for industrial and commercial employees; special report no. 1. (New York: Management Assoc., 20 Vesey St. 1922. Pp. 24. \$1.)

Proceedings of the fifty-seventh annual meeting of the National Board of Fire Underwriters, May, 1923. (New York: Author, 76 William St. 1923. Pp. 142.)

Relazione della Commissione nominata con d. 3 ottobre 1921 dal ministro per l'industria e il commercio, per l'ispezione ordinaria all' Istituto nazionale della assicurazioni. (Rome: L. Cecchini. 1922. Pp. 278.)

The soldiers' bonus or adjusted compensation for soldiers. Special report, no. 24. (New York: National Industrial Conference Board. 1923. Pp. 46.)

Study of workmen's compensation insurance laws and service; monopoly or competition. (Cincinnati: Chamber of Commerce. 1923. Pp. 1016.)

Workmen's compensation acts in the United States. The medical aspect. Research report no. 61. (New York: National Industrial Conference Board. 1923. Pp. 282.)

Workmen's compensation tables. New York State Department of Labor, Special bull. no. 120. (Albany: Dept. of Labor. 1923. Pp. 55.)

Pauperism, Charities, and Relief Measures

NEW BOOKS

DELILLE, A. *L'assistance sociale et ses moyens d'action.* (Paris: Alcan. 1922.)

KLEIN, P. *The burden of unemployment; a study of unemployment relief measures in fifteen American cities, 1921-22.* (New York: Russell Sage Foundation. 1923. Pp. 260. \$2.)

Child-caring homes in the United States. (Washington: National Conference of Catholic Charities, 700 Eleventh St., N. W. 1923. 25c.)

Socialism and Co-operative Enterprises

The Decay of Capitalist Civilization. By SIDNEY and BEATRICE WEBB. (New York: Harcourt, Brace and Company. 1923. Pp. xvii, 242. \$2.00.)

With manufacturers, bankers, and politicians joined in optimistic chorus, and bricklayers in New York earning fourteen and sixteen dollars a day, Mr. and Mrs. Webb will not popularly be accused, on this side the Atlantic, of over-laboring the obvious. Fortunately, their indictment of capitalist industry is too manifold for a mere business boom to prevail against it. In the alternative to the charge that the system now fails to deliver the goods, they urge that the goods are largely the wrong goods, delivered in the wrong way to the wrong people; and to either plea is added a formidable array of other counts relative to the less measurable elements of social welfare.

The indictment opens on the score of the widespread penury which the capitalist organization of society "produces": penury which is viewed as "the outcome, or at least the concomitant," of the universal ownership of the means of production by a "relatively small propertied class." This almost traditional item might be none the worse for a little statistical refurbishing as regards America. What is presumably the essence of it—the concentration of control—would doubtless stand; but the psychological effects of an increasing diffusion of petty ownership are another, and an important story, with which this book does not deal.

A further consequence of this aggregation of ownership is seen in the "glaring inequality in the distribution of the national income" that characterizes "every capitalist society." The statistics for England,

Germany, the United States, and France, we are told, all reveal a "parallel inequality." The technician may perhaps wonder whether this proposition is to be understood as referring to the extreme income ranges or to the distribution curves; probably however the conclusion that immediately follows would be unaffected by the particular mathematical process employed. "It is therefore clear that a nation, in deciding to establish or to continue the private ownership of land and capital as the basis of the industrial organization of its people, deliberately chooses inequality."

This sentence invites attention to the interpretation of history followed by the authors. They tend, we at first conclude, to an institutional-economic determinism: the "appalling results of capitalism. . . . are in fact too bad to have been intentionally brought about by human beings at any stage of civilization"; "each separate capitalist is as helpless in the face of the institution of ownership for private profit as are the wage-earners themselves." Mr. and Mrs. Webb are not however of that class of theorists for whom such a doctrine precludes the healthy exercise of human passion; as witness the following:

The incipient class of profit-makers, aided by their allies in Parliament, in the university lecture-room and in the press, proceeded ruthlessly to smash up the existing social institutions that stood in their way. . . . The insurgent capitalist entrepreneurs, in the century of their exuberance, were in another respect analogous to Bakunin, the Anarchist, and Lenin, the Communist. . . . they were absolutely ruthless in the clearance that they made of everything that stood in the way of the carrying out of their ideas of social reorganization—neither weighing in the balance the incidental advantages of the system that they considered obsolete, nor heeding the suffering that their revolution caused to individuals without number.

The plain man will perhaps be tempted to remark that you cannot have it both ways. The student of reformist literature will understand that, human nature being what it is, you not only can, but must—unless the process of social analysis is to be allowed to become merely scientific.

But the gravamen of the indictment lies in the physical and moral deterioration, the carelessness of common humanity, inculcated by the capitalist system; inculcated, as the authors are at pains to show us, not as a mere perversion of the system, but as part of its very essence.

Indeed, in the final analysis it is obligatory on the individual profit-maker by the nature of his being; for unless in exploitation he keeps up with the most ruthless of his competitors, the very profit by which he lives, dependent as it is on the margin between cost and selling price, eventually disappears.

Elsewhere, it is true, the authors repeatedly and emphatically insist that the principle of free competition is being "superseded in industry after industry by combinations among capitalists to secure monopoly.

prices." One hesitates whether most to admire the accuracy of their information or their versatility in the use of it.

And if, by the very nature of the system, the human instrument is thus exploited, what can be expected in the sphere of natural resources? President Roosevelt and J. J. Hill are quoted in testimony to the spoliation of America; and we are left to infer that the federal conservation laws, for example, or the smoke laws of which the New York legislature has issued a recent sharp reminder to all and sundry, are exceptions to the inherent nature of the capitalist system. It is not always obvious. The same reply would presumably be given one citing the pure food laws of capitalist states; but it seems a little hard that while so much stress is laid on the "process of worsening production. . . . in all sorts and kinds of commodities and services," capitalism should get next to no credit for its occasional achievements in the way of bettering production. Presumably these too are exceptional to the law of its being.

A further exception is of interest to American readers in particular:

We have to note the fact that, as "civilization" advances, more and more of the land, machinery and labor of advanced industrial nations—more and more of the vaunted business ability that the all-powerful stimulus evokes—are diverted, first to the incitement, and then to the satisfaction, of the world's "effective demand" for alcoholic drink of various grades of harmfulness—not to say for the production of, and the secret traffic in opium, cocaine, and other deleterious drugs—which now account for so large a proportion of the fortunes on which families are founded and country houses maintained.

Apparently the eighteenth amendment and the Volstead act were also the work of anti-capitalist forces. The authors enquire—delicately begging an important question—whether, if the savings of each year were deliberately allocated among the various lines of production by democratically organized bodies of some sort, the trade in such economic goods would be as great? One is tempted to wonder what would happen to mar the simplicity of such a system if the obdurate British workman, scenting the possibility of cheaper liquor in the elimination of the aforesaid fortunes, should persist in an 'effective demand' for it? The same painful dilemma is suggested by the naive attribution to the capitalist system of the "promotion and organization of gambling in all its forms," and of the "profitable business of first decoying and then interning boys and girls for the purpose of sexual vice."

The optimistic assurance of the Fabian school on this psychological point is too well known to need emphasis. The socialist, we are told, "believes that in the countries advanced in civilization"—this presumably excludes the East—"mankind is ready for a change of heart, for the substitution of the motive of fellowship and public service for that

of pecuniary self-interest and the craving for riches. He does not thereby demand any fundamental change in human nature." The transition from the cases of civil servants and teachers to the mass of mankind is thus easily accomplished; and if any should doubt, "this substitution of the motive of public service for the motive of self-enrichment will be imposed on our consciences by the moral revolution, which will make 'living by owning' as shameful as the pauperism of the wastrel."

It is probably futile to carp at what is thus evidently a religious conviction on the score of mere logic or consistency or the impartial treatment of fact; the proselyte—or should one say propagandist?—is given a certain latitude in such matters, in his own place. But many who find themselves in sympathy with the ideals underlying this book may doubt whether, at this time of day, such propaganda is likely to secure the converts most worth having, whether in fact it is not playing straight into the hands of the less compromising section of the opposition. It is possible too that students of society, who have grown used to look to the Webbs for careful and valuable achievement, may be disappointed, even affronted, by this volume; and tempted to remonstrate, not without indignation, that both science and democracy deserve to be better served.

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Statistics and Its Methods

Cycles of Unemployment in the United States, 1903-1922. By WILLIAM A. BERRIDGE. Publications of the Pollak Foundation for Economic Research, No. 4. (Boston: Houghton Mifflin. 1923. Pp. xiii, 88. \$1.25.)

This monograph won the first prize of one thousand dollars offered by the Pollak Foundation in 1921. It is here presented in book form, revised and brought up to date.

There are five possible methods of attack on the statistical measurement of unemployment in the United States as the present reviewer sees it: (1) an index of employment which measures the timing and form of the fluctuations and the relative amplitude from one period to another; (2) an index of employment which measures the percentage deviations from the secular trend; (3) an estimate of the cyclical decline of employment from the previous maximum; (4) an estimate of the total number of employed based on the "percentages unemployed" reported by trade unions; (5) an estimate of the unemployed based on estimates of the "active supply" of urban labor and "connected

demand" for that labor. The first is the method which Mr. Berridge uses. He calls it the "index method" and explains that it reflects the "changes in the *relative intensity* of employment between two points of time." It is not his purpose to measure the volume of employment and unemployment.

Mr. Berridge points out that such an index has four main uses: (1) it registers the course of the labor market, (2) it indicates the general course of production, (3) it forecasts the fluctuations in the buying power of labor, and (4) it shows indirectly the cycle of social welfare.

The author then examines the available statistical materials of employment and unemployment, corrects the original data for seasonal fluctuations and secular trends, and presents curves in this refined form for 1903-14 and for 1914-22. Finally he presents a general index of employment cycles for each of these periods, the component indexes having first been reduced to a common denominator through the medium of their respective standard deviations. The index for the first period is constructed by combining the employment indexes for Massachusetts and New Jersey and the inverted unemployment index for New York which he has carefully reconstructed with proper weights. The index for the latter period is made by averaging the indexes of the New York Industrial Commission and of the United States Bureau of Labor Statistics.

In this section Mr. Berridge goes beyond his announced intention to present only an index of employment which will show the "relative intensity of employment between two points of time." On page 15 he presents at the right of his chart a vertical scale which measures the "net deviation" from normal. The chart in question is satisfactory as far as Mr. Berridge's announced purpose goes, *i.e.*, to show the relative intensity of employment between two points of time, but it is unsatisfactory in so far as he attempts here to show the "percentage deviations" from normal. The chart is so small and the scale at the right is attached so roughly that it is impossible to read it with even approximate accuracy. Again on page 51 he departs from his announced purpose and presents a table showing the approximate decline of employment from the peak of each boom to the bottom of each succeeding depression. But the table is presented without adequate statistical support. It would have been more in harmony with his method if Mr. Berridge had presented in this table the *relative* decline of one period compared to other periods instead of the *absolute* decline in each period.

Mr. Berridge next turns to the relation between employment cycles and production cycles. This chapter is especially valuable to students

of the business cycle. He finds extremely high correlation not only between employment and the production index for all manufacture, but also between employment and the production of pig iron. In fact production and employment correlate more perfectly than any other data pertaining to the industrial cycle. But, while the timing of the two curves correspond closely, the amplitudes are divergent. Mr. Berridge devotes some space to an explanation of this fact. He discusses in this connection fluctuations in part-time and over-time employment, fluctuations in labor efficiency, and finally the fact that the production index is derived largely from data on basic materials. He lays particular stress upon fluctuations in part-time employment (p. 64) in explaining differences in amplitude. But he fails to note that such fluctuations would also show themselves in a *lag* of employment behind production. In fact, however, as far as *timing* is concerned the two curves agree closely. This conclusion the present reviewer is willing to accept, but it points to the further conclusion that fluctuations in part-time employment are less important than we formerly supposed, as in fact recent investigations show. The difference in amplitude is therefore probably chiefly due to the unrepresentative character of the production index.

The employment indexes are constructed from judiciously selected data and with careful technique. But at one point the present reviewer wishes to take exception to the method used. In connecting up the discontinuous Massachusetts and New Jersey data, the author assumes the business cycle to be inoperative between each December and the following January. This method is indefensible since there are excellent production and unemployment data for combining these fragments. Mr. Berridge appears to be more interested in eliminating any slight spurious correlation between his employment indexes and his New York unemployment index than he is in constructing the best possible employment index.

The researches of Mr. Berridge have contributed in important ways to the literature of unemployment. It is therefore all the more regrettable that he has not made it possible for subsequent investigators to build upon his researches by giving either here or in his published articles complete tables of all his corrected and uncorrected indexes together with the standard deviations wherever the individual series are given in terms of the standard deviation.

The new method here developed for analyzing unemployment data is useful and valuable. But the arguments against other methods (pp. 6-8) are inconclusive. Trade union data carefully selected as to trades represented are not useless in measuring the absolute volume of unemployment, but they must be checked by other data. Especially

valuable in this connection are the data on fluctuations in volume of employment and estimates of the maximum cyclical decline in employment such as those recently offered by Mr. Ernest S. Bradford and Mr. W. I. King. Mr. Berridge finds that the amplitudes of the Massachusetts index of employment, the New Jersey index and the U. S. Census fragments correspond closely. In the main the same is true of the data furnished by the New York Industrial Commission and the U. S. Bureau of Labor Statistics. This would seem to justify confidence in the amplitude of these indexes not only relatively as Mr. Berridge admits, but also absolutely. Nor is the research of Mr. Hornell Hart (which Mr. Berridge throws out bodily) valueless. Admittedly an estimate with a considerable margin of error, it checks well with other data on unemployment including Mr. Berridge's where the two are comparable.

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An Academic Study of Some Money Market and Other Statistics.

By E. G. PEAKE. (London: P. S. King & Son, Ltd. 1923. Pp. ix, 68. 6s.)

The general object of this study, as stated in the author's introduction, was to discover facts connected with certain rates of interest and discount on the London money market, with the rates of exchange between London and Paris and New York, with the relationship between the different rates, and with the prices of commodities.

The data used, all being for the years 1882-1913 unless otherwise stated, were as follows:

Rate of interest on floating money in London;

Rate of discount on 3 months bank bills in London;

Rate of discount on 6 months bank bills in London;

Rate of exchange between London and New York;

Rate of exchange between London and Paris;

Market rate of discount in Paris;

Rate of interest on call money in New York;

Rate of discount on "endorsed bills" in New York (for the years 1895-1910 only);

Sauerbeck's prices of commodities for 1850-1910.

The methods adopted in studying these statistics were: (1) To average the monthly rates for each year. (2) To average the yearly rates for each month of the year. (For example the average discount rate for the thirty-two Januarys of the years covered was obtained and likewise for the other eleven months.) (3) To determine the size of the variations in the rates and the relationships between them

according to statistical methods associated chiefly with the names of Professors Karl Pearson and F. Y. Edgeworth.

The work is an attempt "(a) to measure the effects of laws which have been arrived at either by the deductive method or by experience, (b) to increase our knowledge of economic laws by the inductive method, a method which, considering the amount of statistical material available, has obtained surprisingly few followers." With these ideals probably most modern economic investigators will be in hearty sympathy. But while it is recognized that economic laws established by these methods will rest upon a sounder basis, progress at first must be by small steps accompanied by indefatigable labor.

Mr. Peake's study is a case in point. The reader cannot but be impressed by the earnestness and courage with which the author attacked his task, by the sheer quantity of labor the results of which are compressed within the narrow bounds of 63 printed pages. It might be noted, for instance, that his work involved the calculation of over 300 coefficients of correlation not to mention the labor of collecting the material and of other methods of analysis employed. Nevertheless when all is said and done, one feels that only a beginning has been made in the achievement of what the author conceived to be the more particular object of his work, namely, the discovery of some variation that would act as a guide to the future course of rates, something that might be of use to the "practical" man by way of prediction.

The most outstanding result of the investigation is the demonstration of the close connection in London between the following:

(1) The difference between the floating rate and the 3 months' discount rate at any one time and

(2) The average rise or fall in the floating rate from the month named to the average of the next 2 months; and likewise between the following:

(1) The difference between the floating rate and the 6 months' discount rate and

(2) The average rise or fall in the floating rate from the month named to the average of the next 5 months.

The investigation of the degree of variation in (2) that may be expected to accompany a specified variation in (1) gives a statistical basis for predicting the future course of the floating rate. Taking into consideration also the rate of exchange between London and Paris, the author works out with the help of W. S. Gosset, by the method of "multiple correlation," a somewhat more accurate formula for prediction of the future course of the floating rate. The formula, however, it is pointed out, cannot be directly applied to post-war

rates. In fact, all prediction from statistical material might be rendered futile from cosmic or political upheavals such as earthquakes or wars. The question also arises as to whether greater accuracy in prediction might not be obtained by taking into account the particular point in the business cycle at which one stands. In the present work no consideration at all was given to the phenomenon of the business cycle.

The text of the study offers room for improvement. In some places there is a failure to explain with sufficient fullness and clarity the methods by which certain statistical results were obtained. On page 43, summarizing the conclusions reached in the previous pages, it is said that the rises and falls in the future floating rates were correlated with the Paris and New York exchanges, and it was found that in many months of the year fairly high relationships exist. A diligent search, however, fails to show any such calculations in the previous pages. On page 37 there are statements in the text that do not seem to conform to the accompanying statistical tables. For instance, it is said that in the first three months of the year high exchange rates for London-New York go with high floating rates on money in London. But according to the table, the coefficients of correlation between the exchange rate and the floating rate for these three months are negative. This would indicate a high exchange rate with a low floating rate unless by "high" exchange rate is meant high from the English point of view, that is, the English pound sterling being worth a small number of dollars. This, however, is the opposite sense from that in which the term "high" was employed in other portions of the chapter.

In his discussion of exchange rates, Mr. Peake is somewhat difficult to follow. He is at pains to point out that, in view of the statistics presented, "the orthodox theory of 'foreign' exchanges, according to which high rates of exchange go with low rates of interest and discount, does not always obtain." But is it, according to the orthodox theory, a matter of significance so far as the connection with exchange rates is concerned, whether the absolute discount rates at the points involved, say New York and London, are high or low? Is it not rather a question of the position of the two rates relative to one another? Thus a high discount rate in London compared with New York might raise the exchange rate in favor of London, but this very difference might set other forces in motion, such as the export of gold from New York to London, which would have the effect of reducing the London discount rate and raising the New York rate.

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- FISHER, A. *An elementary treatise on frequency curves and their application in the analysis of death curves and life tables.* Translated from the Danish by E. A. VIGFUSSON, with an introduction by RAYMOND PEARL. (New York: Macmillan. 1922. Pp. xv, 240.)
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- HULME, E. W. *Statistical bibliography in relation to the growth of modern civilization.* (London: Butler & Tanner, Grafton & Co. 1923. Pp. 44. 6s.)
- JULIN, A. *Précis du cours de statistique générale et appliquée.* Fifth edition. (Brussels: Albert Dewit. 1923. Pp. xiv, 278. 8 fr.)
- KELLEY, T. L. *Statistical method.* (New York: Macmillan. 1923. Pp. xi, 390. \$4.)

Textbooks on statistical methods by American authors have for long suffered by comparison with the English. Too many of them have been written from the viewpoint of the assembling of data and have devoted little space to analysis. The predominant spirit of our statisticians has been that of the statistical office or census bureau and not that of the scientific investigator searching for causes or testing hypotheses. There has been a too frequent tendency for men in high places to scoff at "mathematics." In spite of this restricted view of the usefulness of the "higher" analysis it is coming into use in this country and the group of students who are studying mathematical statistics and applying their knowledge in various fields is growing rapidly. Professor Kelley's book is an index of this development. Davenport's text made available to American students a considerable body of Pearson's work, and Arne Fisher's book has more recently introduced them to the researches of continental, particularly Scandinavian, statisticians. Kelley's book is avowedly an attempt to bring to them a more comprehensive treatment of Pearson's work in particular than has been available heretofore in one volume. The book comprises thirteen chapters. The first two on tabulation and graphics are brief and somewhat sketchy, but sound. These are followed in order by chapters on averages, dispersion, the normal curve, comparable measures, curve fitting, Pearsonian correlation, and functions involving it, other methods of measuring relationship, multiple correlation, a chapter of miscellanies and a final one on index numbers.

The author states in his preface that the book is intended in part to serve the needs of those who know little of higher mathematics but there are plenty of passages in it the understanding of which demands a considerable training in mathematics. This is much to be preferred over the too common practice of leaving out those parts requiring knowledge of mathematics or presenting formulas without giving the steps in their development so necessary to their proper use.

The excellence of the book lies in the ground covered and in the author's willingness to trace the mathematical development of each method. This has made the problem of writing such a book extremely difficult no doubt, because good pedagogy requires not only the proper development of the subject-matter but illustrations of practical methods of computation. In this respect the book errs at times. For instance, in the chapter on curve fitting, not a single example of actual computation is given. Adding many such illustrations would no doubt have greatly increased the size of the book, but it would have added to its usefulness. In this respect Yule's text is distinctly better.

The proof-reading on the book was apparently done somewhat hurriedly. The following slips have been noted: (1) incorrect references, pages 27, 31, 45, 153; slips in calculations, pages 68, 105, 107; typographical errors, pages 48, 79 (two), 89, 92, 99 and 111 (three).

BRUCE D. MUDGETT.

KING, W. I. *Employment, hours, and earnings in prosperity and depression: United States, 1920-1922*. (New York: National Bureau of Economic Research, 474 West 24th St. 1928. Pp. 147. \$3.)

The dearth of comprehensive data on employment and unemployment has long been a serious handicap to students and social workers. W. H. Beveridge states in the preface to his standard work on *Unemployment, a Problem of Industry* that he was compelled "to leave the record of facts or their analysis incomplete, to give probabilities in place of searching for certainties, to turn back unsatisfied from whole fields of inquiry as fascinating as they are important." In recognition of the deplorable lack of knowledge concerning the total effect of a depression upon employment, the Committee on Unemployment and Business Cycles of the President's 1921 Conference authorized a study of the situation treating all industries in a uniform manner.

Professor King in a brief volume has presented in useful form the results of the task undertaken by the National Bureau of Economic Research, with the help of the Bureau of Markets and Crop Estimates and the Bureau of the Census, for the purpose of ascertaining facts concerning changes in employment conditions in the United States that occurred between the peak of the boom in 1920 and the trough of the depression in the next year.

Among the interesting results the following questions are answered: How is employment in different industries affected by the business cycle? Do large or small concerns have greater stability of employment? How are hours, wage rates, and earnings affected by booms and depressions? In what industries are wages highest? Lowest? Hours longest? Shortest? Do workers move to the factories during the boom and back to the farm during the depression? What causes the steady drift from the farm to the city? How much wage loss is caused by a depression like that of 1921?

Questionnaires were used in gathering data from employees, employers, and farmers through the voluntary assistance of private agencies, professors of economics, students and others. The number of well-filled schedules turned in by employees was not sufficient to constitute a very reliable sample, 8,500 farmers' schedules were returned, and nearly 3,000 records from employers, including practically complete data for the railways, were obtained. A large proportion of all returns received were found to rest upon estimates rather than actual records. The records secured came from employers who hire about one tenth of all the employees in the United States. Since the proportion differed widely in different industries, a simple total or average of all the samples would be misleading. To secure significant results, it was necessary to weight all of the items according to the importance of the fields they represent. The process was to estimate the ratio of the total number of employees falling in the given category on August 15, 1920, to the number, who on the same date were working for the reporting employers, and then to multiply all items of earnings or hours by these ratios. In this manner, a record was obtained which portrays, as accurately as the data will permit, the results for the continental United States. The figures that appear in the tables are, therefore, not the totals of the samples sent in, but rather the estimated totals for the country as a whole.

This study constitutes the first serious effort to measure the total volume of employment in any country. It treats positively of employment rather than negatively of unemployment, and thus obviates the difficulties encountered by statisticians in getting satisfactory indexes of voluntary and involuntary unemployment. The volume of employment is best measured by the number of employee hours actually worked, and not by the number of persons on the pay roll, nor by the total of wages and salary payments. A unit susceptible of statistical measurement may then be used—a week's work, a day's work, or an hour's work for an employee. By this approach to the problem it is possible to ascertain changes in volume of employment and to measure definitely one of the effects of the business cycle upon the employees of the country.

The three types of questionnaire used are reprinted in the body of the text. These would probably have been better relegated to an appendix, as they serve only for reference. Eighty-five of the 144 pages of text are taken up by the 75 tables and 11 charts used in presenting the data. The tabulations and charts are well arranged. The limitations and deficiencies of the original data and of the estimates based upon them are fully appreciated. For example it is stated in the introductory chapter concerning the reliability of material used in many of the tables: "True, in the fields of building and construction, other hand trades, and public and professional service, the samples are too small to justify placing much faith in the estimates derived therefrom. The same may be said of the estimates for large-scale agricultural undertakings, and small-scale mining, transportation, financial, and personal-service enterprises." To the practical minded person who is skeptical of statistics a criticism that would be apt against the work as a whole is that it illustrates how well the skilful statistician can use a few figures (admitted to be estimates and not actual records) and arrive at important conclusions.

The monograph is a distinctly valuable contribution, and is worthy

of recognition, not only for its own conclusions but also as an example of applied statistical methods.

F. E. WOLFE.

- KRELLMANN, P. *Das Judentum im Lichte der Statistik*. (Hamburg: Deutschvölkische Verlagsanstalt. 1923. Pp. 32.)
- LAIDLAW, W. *Statistical sources for demographic studies of greater New York, 1920*. (New York City: 1920 Census Committee. 1922. Pp. xlviii, 819.)
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- SCHOTT, S. *Statistik*. Third edition. (Leipzig: Teubner. 1923. Pp. 128.)
- TOSI, V. *Statistica metodologica ed applicata, ad uso degli istituti tecnici, istituti commerciali e persone colte*. (Firenze: S. Lattes. 1923. Pp. 168. 12 lire.)
- VIRGILII, F. *Statistica*. Ninth edition, revised. (Milan: U. Hoepli. 1923. Pp. xx, 245. 750 l.)
- WINKLER, W. *Die Bedeutung der Statistik für den Schutz der nationalen Minderheiten*. (Leipzig: F. Deuticke. 1923. Pp. 75.)
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- Agricultural statistics of the state of Colorado, 1922*. (Denver: State Board of Immigration. 1923. Pp. 63.)
- Annuaire général de la France et de l'étranger*. (Paris: Lib. Larousse. 1923. Pp. 1104. 40 fr.)
- Labour report, 1922*. No. 13. (Melbourne, Australia: Commonwealth Bureau of Census and Statistics. 1923. Pp. 183.)
Contains statistics of labor organizations, employers associations, fluctuations in employment, retail and wholesale prices, and rates of wages.
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- Statistique démographique de la ville d'Amsterdam jusqu'à l'année 1921*. (Amsterdam: Bureau Municipal de Statistique. 1923. Pp. 28.)
- Statistique du mouvement de la population, années 1914 à 1919*. (Paris: Imprimerie Nationale. 1922.)
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Die Todesursachen in den Jahren 1911-1920. (Bern: A. Francke. 1923. Pp. 28.)

Die Wirtschaftskurve. Heft II and III, with indexes of the *Frankfurter Zeitung*. (Frankfurt a. Main, Germany: Frankfurter Societäts-Druckerei. 1923. Price, Mk. 1.25 with exchange "Multiplikator".)

Die Wirtschaftskurve (The Economic Trend) continues to be the most interesting and reliable source of current data on Germany's industrial and economic life that we possess. Published quarterly by the *Frankfurter Zeitung*, under the editorship of Ernst Kahn, it gives such a variety of aperçus as can be obtained in no other publication.

The two new volumes, the latter being for August, contain a number of instructive studies in such matters as the comparative profits of different industries through and since the war, with especially valuable résumés of the organization and activities of the "General Electric" of Germany ("A. E. G.") and of the Metallgesellschaft Scheideanstalt. Both numbers contain also much of interest as to economic conditions in Austria since "stabilization."

C. S.

PERIODICALS

The REVIEW is indebted to Robert F. Foerster for abstracts of articles in Italian periodicals, and to R. S. Saby for abstracts of articles in Danish, Dutch, and Swedish periodicals.

Economic History (United States)

(Abstracts by Amelia C. Ford)

- ALVORD, C. W. *Mississippi Valley problems and the American Revolution*. Minn. Hist. Bull., Feb.-May, 1922. Pp. 13. Discusses speculation in western lands, before the Revolution, to show that anger over imperial plans for the West formed a large element in the revolutionary psychology, particularly in Virginia.
- APPEL, L. and BLEGEN, T. C. *Official encouragement of immigration to Minnesota during the territorial period*. Minn. Hist. Bull., Aug., 1923. Pp. 87. Contains several documents which illustrate Minnesota's territorial activity in increasing population during the 50's by holding out inducements to immigrants.
- BRIGHAM, A. P. *Environment in the history of American agriculture*. Jour. of Geog., Feb., 1922.
- BUCK, S. J. *The story of the Grand Portage*. Minn. Hist. Bull., Feb., 1923.
- CORNWALL, G. M. *An illustration for community management*. Commonwealth Rev. Univ. Oregon, Apr.-July, 1923. Pp. 2. Outlines a plan for making the timber resources of Oregon continuous. Devised by the editor of *The Timberman*.
- DALE, E. E. *The ranchman's last frontier*. Miss. Valley Hist. Rev., June, 1923. Pp. 13. Describes the peculiar features of the cattle industry in Oklahoma between 1877 and 1889, and their influence upon other portions of the country. "Few better examples can be found of the changing of the industrial life of large areas by legislation that is manifested in the opening to settlement of the Oklahoma Indian reservations."
- EDMONDS, C. C. *Tendencies in the automobile industry*. Am. Econ. Rev., Sept., 1923. Pp. 20.
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- GILLETTE, J. M. *Social and economic background of the University of North Dakota in the eighties of last century*. Quart. Jour. Univ. North Dakota, July, 1923. Pp. 20. A detailed, statistical account showing that North Dakota had "abounding natural resources and a population composed of the best physical and cultural strains of Europe and America"; that "the University when founded was needed to meet the actual requirements of the people," and that it had an adequate foundation in the spiritual and industrial resources of the state.
- GLENN, J. M. *The industrial development of Illinois*. Transactions of the Illinois State Hist. Soc., 1921.
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- LAY, G. C. *The Coronado Coal case and its consequences*. Iowa Law Bull., March, 1923.

- LELAND, W. G. *The Lesueur collection of American sketches in the Museum of Natural History at Havre, Seine-Inférieure*. Miss. Valley Hist. Rev., June, 1923. Pp. 26. Under "Notes and Documents." Summarizes the career of the French naturalist and artist, Lesueur; describes and classifies the sketches, which portray with remarkable realism the American frontier during the period 1816-1837; and indicates their historical value.
- LIBBY, O. G. *Some aspects of mid-west America*. Minn. Hist. Bull., Feb.-May, 1922. Pp. 16. Includes a brief survey of the industrial outlook and transportation possibilities of the middle portion of North America.
- LUCAS, H. S. *A document relating to Dutch immigration to Iowa in 1846*. Iowa Jour. Hist. & Pol., July, 1923. Pp. 9. A translation of the rules adopted at Utrecht on December 25, 1846, by Hollanders planning to emigrate to the United States. Discovered accidentally in a mass of miscellaneous books and pamphlets for sale in the market square of Utrecht.
- MERENESS, N. D. *Historical material in Washington of value to the state*. Miss. Valley Hist. Rev., June, 1923. Pp. 7. Under "Notes and Documents." Discusses the abundant source material available in the national archives for the early history of most of the states, outside the original thirteen, or for a history of transportation, of finance, or of justice.
- MCINTOSH, W. A. *Economic factors in Canadian history*. Canadian Hist. Rev., March, 1923.
- MITCHELL, J. *Deep waterways movement—their origin and progress in Ontario*. Ontario Hist. Soc. Papers and Records, vol. 19.
- MOBERLY, H. V. *Reminiscences of an H. B. C. fur trade factor*. The Beaver (Mo. Pub. of the Hudson's Bay Co.), Oct., 1921. Gives information regarding the Hudson's Bay Company's trade in the Canadian Northwest to the fifties. Continued for thirteen numbers.
- NIXON, H. G. *The economic basis of the Populist movement in Iowa*. Iowa Jour. Hist. & Pol., July, 1923. Pp. 24. Discusses the hardships endured by Iowa farmers in the 90's, and the favorable conditions that lessened their unrest more or less; finds the permanent effect of the Populist movement in Iowa to be the intensification of the agrarian policies of the major parties.
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- VOELKER, A. C. *Hermiston as a community study*. Commonwealth Rev. Univ. Oregon, Apr.-July, 1923. Pp. 12. Traces in detail the development of this town in the desert region of Oregon, where the annual rainfall is nine inches, since the passage by Congress in 1905 of the Umatilla Irrigation Project.
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direct constructive action in vitalizing and making progressive rural community life, setting forth at the end six main objectives for such a movement.

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- BUCHANAN, D. H. *The rural economy of Japan*. Quart. Jour. Econ., Aug., 1923. Pp. 34. A discussion of size of holdings, tenure, utilization of land, incomes, methods used, and modes of living.
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(Abstracts by Julius H. Parmelee)

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Shipping

(Abstracts by Marjorie Sheets)

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(Abstracts by H. R. Tosdal)

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AUGÉ-LARIBÉ, M. *Le marché de la viande.* Rev. des Etudes Coöperatives, April-June, 1923. Pp. 18. Intensive study of organization of French livestock market in an attempt to find reasons for price levels and variations.

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GOTHEIN, G. *Las relaciones comerciales de Alemania con la Alemania con la América latina.* Rev. Econ. Argentina, April-May, 1923. Pp. 18. Discusses trade relations between Germany and Latin-America, with particular reference to Argentina and Chile.

HAUSSELEITER, O. *Der Gedanke der Autarkie als Leitsatz der auswärtigen Handelspolitik und seine Begründung.* Jahrb. f. Nationalök. u. Stat., March, 1923. Pp. 48. A critical historical study of national self-sufficiency as a guiding principle in the development of foreign trade policies of nations. Traces influence from earliest times.

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LEWIN, E. *The North-West Company and the fur trade.* United Empire, June, 1923. Pp. 3. Brief historical sketch of the North-West Company.

MERRITT, J. K. *Empire trade, and how to develop it.* United Empire, June, 1923. Pp. 7. Account of discussion concerning British colonial trade promotion, which took place at meeting of Royal Colonial Institute.

OLIVIER, M. *Le commerce extérieur.* Rev. d'Econ. Pol., March-April, 1923. Pp. 27. Compares statistics of French foreign trade in 1922 with those of 1918 and 1921.

PAYEN, E. *Le café: sa production et sa consommation.* L'Econ. Franç., May 12, 1923. Pp. 2. Gives statistics of coffee exports and imports by countries.

- . *L'étain et son marché*. L'Econ. Franç., Sept. 8, 1923. Pp. 2. Gives account of world market for tin.
- . *L'industrie de la soie en France en 1922*. L'Econ. Franç., May 5, 1923. Pp. 2. An article dealing with the production and exportation of silk manufactures in France, supplementing a previous exposition of the raw product.
- PICARD, M. *La législation commerciale interne*. Rev. d'Econ. Pol., March-April, 1923. Pp. 7. Résumé of recent French domestic trade legislation, particularly the new patent laws and regulation of exchange operations and illicit speculation.
- WELCH, R. L. *The petroleum field*. The Annals, July, 1923. Pp. 4. States that danger of petroleum supply becoming inadequate will be obviated if nations follow open-door policy regarding capital for investment.
- WHEELER, H. *What happened to sugar*. Nation's Bus., July, 1923. Pp. 3. Popular article upon sugar situation.
- Our "unfavorable" trade balance. Indus. Digest, July, 1923. Pp. 2. Gives export and import statistics and states that "our ability to continue importing more than we export for a considerable period of time without giving foreign creditors a claim upon our gold reserve is explained by the accumulation of credits in our favor since 1913, which have not been fully offset."
- United States trade with trans-Pacific countries. Commerce Mo., Aug., 1923. Pp. 10. Declares that trade with trans-Pacific countries, which in 1922 amounted to 21 per cent of total U. S. foreign trade is fundamentally sound.
- World trade in tea. Commerce Mo., Sept., 1923. Pp. 8. Statistical study of production and consumption of tea, 1909-1922.

Public Utilities

(Abstracts by Charles S. Morgan)

- BAUER, J. *The Supreme Court and reproduction value in rate making*. Nat. Munic. Rev., Sept., 1923. Pp. 3. Recent Southwestern Bell decision did not erect reproduction cost as the determinative basis of valuation. Valuation dilemma cannot be solved until a permanent basis is reached, preferably actual investment, but, if necessary, a reproduction basis as a starting point and actual investment thereafter.
- CHASE, F. L. *The exhaustion of our natural gas*. Gas Age-Record, June 16, 1923. Pp. 3. Supply of natural gas rapidly being exhausted through a rate structure which does not encourage economy or a wise distribution of consumption.
- CHENERY, C. F. *The economic capitalization of a public utility company*. Annalist, June 11, 1923. Pp. 2. In general, bond issues should provide between 60 and 70 per cent of capital requirements, remainder to be met about equally by common and preferred stock. Demonstration of how return on common stock is dependent on proportion of bonds and preferred stock.
- COLTON, J. W. *Detroit's street railways*. Aera, July, 1923. Pp. 14. Discussion of various advantages enjoyed by Detroit's municipal railways which are thought to account for results of first year's operation.
- EISENMENGER, H. E. *Straight lines as rate curves*. Elec. World, June 2, 1923. Pp. 6. A method which simplifies the representation of electric rates.
- FOGG, P. M. *Four years of municipal railway ownership in Seattle*. Elec. Ry. Jour., Aug. 4, 1923. Pp. 3. Difficulties encountered and present problematical situation.
- GUERNSEY, N. T. *The Missouri rate case*. Bell Telephone Quart., July, 1923. Pp. 3. A careful statement of Supreme Court findings in this case. "Cost of reproduction is a factor that must be taken into account," but "it does not furnish an arbitrary measure of the value of a utility."

- HARKNESS, L. T. *A review of New York's transit situation.* Elec. Ry. Jour., Oct. 6, 1923. Pp. 6. Member of New York (City) Transit Commission finds the local situation one of increasingly greater difficulty.
- KELLOGG, C. W. *Financing public utilities.* Stone & Webster Jour., June, 1923. Pp. 10. Relationships of management, financier and engineer in plant construction.
- KNIGHT, P. O. *Some suggestions for the solution of rate-making troubles.* Stone & Webster Jour., July, 1923. Pp. 7. Regulation lacks independence of action; either commissioners should be appointed for life and be well paid or a form of arbitration, here outlined, should displace commission regulation.
- LANGDON, W. C. *The early corporate development of the telephone.* Bell Telephone Quart., July, 1923. Pp. 20. Corporate development from early "Bell Patent Association" to present American Telephone and Telegraph Company.
- MALTBIE, W. H. *The theory and practice of public utility valuation.* Aera, July, Aug., Sept., 1923. Pp. 15; 6; 10. Final instalments in series of comprehensive articles.
- MCGRATH, W. H. *Public ownership of utility securities.* Stone & Webster Jour., Aug., 1923. Pp. 7. Advantages—to utility, investor and community of customer ownership of utility securities.
- MURPHY, E. J. *Traffic and earnings increase.* Aera, July, 1923. Pp. 3. Condensed summary of salient statistics in electric railway field. Increased traffic must, if possible, compensate for increasing operating costs. Average fare has declined from 7.11 cents in January, 1922, to 7.08 cents in April, 1923.
- ST. CLAIR, L. *The great Saginaw failure.* Aera, Sept., 1923. Pp. 6. Two years' experience with buses as sole means of transportation has led to return to trolley service.
- SIMPSON, J. *Recent decisions on rates charged for public utility service.* Gas Age-Record, July 21, 1923. Pp. 2.
- . *Underlying principles governing commission decisions.* Gas Age-Record, Aug. 18, 1923. Pp. 4. Based on orders and decisions of last two years.
- . *Valuation of public utilities.* Gas Age-Record, June 30, 1923. Pp. 3. Digest of recent cases.
- SPURR, H. C. *Local vs. state control.* Gas Age-Record, July 21, 1923. Pp. 5. Various possible forms of regulation. Superiority of state control.
- STOFFEL, T. H. *Interurban possibilities from freight business.* Aera, Aug., 1923. Pp. 6. Interurbans can best find relief from their present straitened circumstances by developing a far-reaching freight service.
- TOPPING, V. *Economic fields of trolley car and bus.* Elec. Ry. Jour., Aug. 25, 1923. Pp. 8. Comparative costs per route-mile for safety cars, trolley buses and auto buses. Selection of type a matter of density of traffic.
- UPSON, L. D. *Municipal ownership in Detroit.* Nat. Munic. Rev., Sept., 1923. Pp. 3. Creditable progress has been made during the first year of municipal operation, but the real test remains with the future.
- Bars ruinous competition.* Aera, Aug. 23, 1923. Pp. 7. Two Illinois Supreme Court decisions in which necessity of protecting existing utility business from irresponsible or undesirable competition is emphatically affirmed.
- Chicago's unified transit plan revived.* Elec. Ry. Jour., July 14, 1923. Pp. 4. Summary of special report suggesting means of unifying and improving Chicago's transportation service.
- More railways using buses.* Aera, Oct., 1923. Pp. 3. Increasing number of electric

• railways are operating auxiliary buses with a view to furnishing a unified and economical local transportation service.

Prof. Hale, Mr. Maltbie and Mr. Harte. Aera, Aug., 1923. Pp. 5. Views of Professor Hale and W. H. Maltbie as to relationship of earning power to value.

Proven improvements available for bettering operation. Elec. Ry. Jour., July 7, 1923. P. 1. Forty-one economy and betterment measures suggested for consideration of electric railway managers.

Railways loaded with taxes. Aera, Oct., 1923. Pp. 8. An analysis of tax burden of electric railways, based on experience of 113 companies. Taxes and imposts represent approximately 9.6 per cent of operating revenues of these companies.

Report of executive secretary. Aera, Oct., 1923. Pp. 29. Includes extensive list of investigations and compilations made by statistical staff of American Electric Railway Association.

Report, on bus operation. Aera, Oct., 1923. Pp. 12. Summary of experience of 17 electric railways with bus operation, including reasons for inauguration of bus service, types of service and rates of fare.

The residence consumer—what he costs and what he is worth. Elec. World, June 2, 1923. Pp. 3. Need for more cost data on this class of user of electric service.

Valuation and prices. Aera, Oct., 1923. Pp. 8. Summary by Valuation Committee of American Electric Railway Association of valuation situation to-day, as indicated by recent court and commission decisions. No immediate or far-reaching recession of price level is expected.

Accounting

(Abstracts by Martin J. Shugrue)

AAL, K. *Warehouse cost accounting.* Pace Student, Sept., 1923. Pp. 5.

BANG, I. *Regnskabsföring: Landbruget.* Nat. ök. Tids., nos. 3 and 4, 1923. Pp. 18. The need of accounting methods on the farm, particularly from the point of view of taxation.

CARSON, G. C. *Elimination of intercompany profits in consolidated statements.* Jour. Account., July, 1923. Pp. 5. Illustrated with simple figures.

COLE, W. M. *A problem in joint costs.* Harvard Bus. Rev., July, 1923. Pp. 10. One of the most interesting problems of accounting, which has also a decided economic aspect, has to do with the distribution of overhead for joint cost goods. Typical methods of procedure are presented and analyzed, and the resulting principles deduced.

DARNELL, R. W. *Increased profits through control of cost.* Management and Administration, Sept., 1923. Pp. 4. Methods of production and routing.

FRAZER, G. E. *Controlling a business with a budget.* System, June, 1923. Pp. 3. The budget that best brings control is not one which deals with the future solely on the figures of the past. Other necessary features are discussed.

HERMANN, C. C. *Three points of attack on production costs.* Indus. Manag., July, 1923. Pp. 6. Analyzing the product, the plant, and the interrelationship of operations.

HOUSE, J. A. *Your cost policies from your banker's viewpoint.* Factory, June, 1923. Pp. 3. Policies in regard to labor costs, prorating overhead and figuring depreciation in preparing financial statements.

HOWARD, T. W. *Is our investment in cost accounting profitable? II. What the different cost methods are.* Factory, Sept., 1923. Pp. 3. Brief summary of six of the most common cost finding methods.

- JOHNSON, G. H. *Amortization and depreciation in public service corporations.* Jour. Account., July, 1923. Pp. 8. The problem of proper provision for depreciation of public service corporations and the amortization of book cost of limited-term franchises. The question of reversion of balance-sheet figures to harmonize with appraisal values.
- LICKEL, H. H. *Conditions peculiar to the import business.* Pace Student, Sept., 1923. Pp. 4. Accounting methods for importers.
- MATHERLY, W. J. *Proposed taxation of stock dividends.* Jour. Account., Aug., 1923. Pp. 7. Sound and unsound measures relative to taxation of stock dividends and corporate earnings.
- MOSS, A. G. *Treatment of appreciation of fixed assets.* Jour. Account., Sept., 1923. Pp. 19. In the accounts and balance sheet and for income tax purposes.
- RHODES, J. E. *Selling securities to employees.* Jour. Account., Aug., 1923. Pp. 7. Benefits and difficulties of the plan of corporations selling stock to their employees. Contains brief outlines of the methods of large representative organizations.
- VIERLING, F. *The Franklin trust.* Jour. Account., July, 1923. Pp. 12. Reviews the value of service rendered by long-time accumulating trust funds.
- Report of committee on standardization of cost factors of the National Association of Wool Manufacturers.* Bull. Nat. Wool Mnfrs., April, 1923. Pp. 24. The purpose of the report is not to set up standards of cost, but to present an interpretation and classification of the elements, or factors, of cost which lead to the introduction of standardized and more accurate accounting methods.

Business Management

- AMES, E. E. *More output; lower costs: control.* Manag. and Admin., Sept., 1923.
- BARBER, J. H. *How the Walworth Company looks ahead.* II and III. Manag. and Admin., July, Aug., 1923. Pp. 4; 6.
- BOOMER, L. M. *How we fitted Ford's principles to our business.* System, Oct., 1923. Pp. 4.
- COLE, A. H. *The proposed "truth in fabric" law impartially examined.* Bull. Nat. Assoc. Manfrs., April, 1923.
- CONGER, L. J. *The tie-up of sales and production.* Bull. Taylor Soc., Aug., 1923.
- COONLEY, H. *The control of an industry in the business cycle.* Harvard Bus. Rev., July, 1923. Reprinted in Bull. Taylor Soc., Aug., 1923.
- FILENE, E. A. *More sales; more satisfied customers—but smaller stocks.* System, Sept., 1923.
- HALL, K. *The planning department as an instrument of executive control.* Bull. Taylor Soc., June, 1923.
- KIMBALL, D. S. *The organization of modern industry.* Manag. and Admin., July, 1923. Pp. 8.
- KING, W. I. *Safeguarding industry by stabilizing employment.* Bull. Taylor Soc., June, 1923.
- KINGSBURY, F. A. *Grading the office job.* V, *Practical use of specifications and gradings.* Admin., June, 1923.
- KORNHAUSER, A. W. *Psychological tests for business.* Jour. Pol. Econ., June, 1923.
- LORD, C. B. *Visualized management control.* Manag. and Admin., Sept., 1923. Pp. 4.

- LOVETT, R. F. *Present tendencies in personnel practice*. Indus. Manag., June, 1923. Pp 7. A compilation of facts gleaned from a study of seventy-four large business organizations.
- MCPHERSON, J. B. *Textile branding bills in state legislatures*. Bull. Nat. Assoc. Wool Mnfrs., July, 1923.
- PERSON, H. S. *On the contribution of scientific management to industrial problems*. Bull. Taylor Soc., June, 1923.
- REED, M. *The military type of organization*. Bull. Taylor Soc., Aug., 1923.
- SHAW, A. W. *Simplification: a philosophy of business management*. Harvard Bus. Rev., July, 1923.
- STARCH, D. *Testing the effectiveness of advertisements*. Harvard Bus. Rev., July, 1923.
- WELD, L. D. H. *Are there really too many retailers?* System, Aug., 1923.
- WHITE, C. T. *Salaries of executives*. Administration, June, 1923.
- Ford's new selling plan*. Indus. Digest, May, 1923. Pp. 2.

Labor and Labor Organizations

(Abstracts by David A. McCabe)

- BAUMGART, H. *Polish labour legislation*. Intern. Lab. Rev., June, 1923. Pp. 20.
- BELL, H. *The regulation of wages*. Contemp. Rev., Sept., 1923. Pp. 11. Unfavorable criticism of the settlement in the British coal industry and of government intervention generally.
- BINDER, C. *More government in industry*. Survey, Sept. 15, 1923. Pp. 3. The handling of unemployment by joint agreement in the mens' clothing industry of Chicago.
- BLANSHARD, P. and LADD, W. P. I, *What labor asks of the church*. II, *The Christian attitude toward labor*. Forum, Aug., 1923. Pp. 6, 11.
- BLANSHARD, P.; REA, S.; and GOOD, N. P. *Company unions vs. national unions? A debate*. Nation, July 25, 1923. Pp. 3. Writers are, respectively, field secretary, League for Industrial Democracy; the president of the Pennsylvania Railroad; and the president of a system federation of the shop crafts.
- BLOCH, L. *Some effects of the California minimum wage law*. Mo. Labor Rev., Aug., 1923. Pp. 12.
- BRECKINRIDGE, S. *Home responsibilities of women workers and the "equal wage."* Jour. Pol. Econ., Aug., 1923. Pp. 23. Facts disclosed by American and English studies refute the contention that men should receive higher wages than women for same work because former have to support dependents and latter do not.
- BRÜERE, R. W. *The anthracite paradox*. Survey, Sept. 15, 1923. Pp. 4.
- . *Next winter's coal*. Survey Graphic, Aug., 1923. Pp. 4. Comment on the preliminary anthracite report of the U. S. Coal Commission.
- CANTWELL, E. J. *Employment administration in the United States Post Office Department*. Intern. Labor Rev., July, 1923. Pp. 5. Favorable summary of activities of the Service Relations Division. Author is secretary of the National Association of Letter Carriers.
- CHAFEE, Z., JR. *Company towns in the soft coal fields*. Independent, Sept. 15, 1923. Pp. 8.
- CHAPPELL, F. C. *The "living wage" fallacy*. Annalist, Sept. 17, 1923. Pp. 2. Comment on British experiences.

- CHRISTAENS, A. G. *Vocational guidance in Brussels*. Intern. Lab. Rev., Sept., 1923. Pp. 15.
- CLARK, D. L. *Disease—as a compensable injury*. Mo. Labor Rev., July, 1923. Pp. 7.
- CONACHER, H. M. *The regulation of agricultural labour conditions in Continental Europe*. Intern. Lab. Rev., Aug., 1923. Pp. 28. Discusses problem of regulation in light of differences in climate, land tenure, and consumption demands of the populations. Writer is member of Scotch Board of Agriculture.
- DOBBIN, M. *Individual and collective bargaining under Mexican state labor laws*. Mo. Labor Rev., Aug., 1923. Pp. 16.
- DOUGLAS, P. H. *Wages regulation and children's maintenance in Australia*. Quart. Jour. Econ., Aug., 1923. Pp. 44. The various official findings as to amount necessary for family living wage and the proposals for separate payments for maintenance of children.
- DULOT, C. *The present position in the French trade union movement*. Intern. Lab. Rev., May, 1923. Pp. 24.
- EMMOTT, LORD. *The relations of capital and labour*. Jour. Royal Stat. Soc., Jan., 1923. Pp. 21. A "captain of industry" favors profit-sharing and copartnership and opposes nationalization and guild socialism, in presidential address to the society.
- FEIS, H. *The Kansas Court of Industrial Relations: its spokesmen, its record*. Quart. Jour. Econ., Aug., 1923. Pp. 29. Summarizes the arguments offered for the Court by its proponents, analyzes its actions and decisions, appraises the opposition to it, and points the lessons from the experiment.
- FLEENE, E. A. *The minimum wage and efficiency*. Am. Econ. Rev., Sept., 1923. Pp. 5.
- FISHER, A. *A Farmer-Labor party for 1924?* New Repub., July, 1923. Pp. 2.
- FLORENCE, P. S. *Recent researches in industrial fatigue*. Econ. Jour., June, 1923. Pp. 18. Critical review of the reports of the British Industrial Fatigue Research Board with some comparisons with American findings.
- FRANKEL, E. *How Germany settles industrial disputes*. Mo. Labor Rev., Sept., 1923. Pp. 10.
- . *Industrial government through collective agreements in Germany*. Manag. and Admin., July, 1923. Pp. 4.
- HANNA, G. *Women in the German trade union movement*. Intern. Labor Rev., July, 1923. Pp. 17. Writer is member of the Women's Secretariat of the General Federation of German Trade Unions.
- GERARD, G. L. *L'organisation du travail envisagée au point de vue patronal*. Rev. de l'Inst. de Sociol., July, 1923. Pp. 22. Attacks collectivism and the preaching of working class control and emphasizes the need of proper organization for production.
- GERRITSE, J. *Measures to combat unemployment in the Netherlands*. Intern. Labor Rev., June, 1923. Pp. 19.
- GIAYAZZI, C. *Sindacati zianchi o cattolici?* Riv. Internaz., May, 1923. Pp. 25. A query, by a Catholic, whether labor organizations acknowledging a religious inspiration can remain non-confessional.
- GINI, C. *Sul livello dei salari reali nel dopo-guerra in Italia in confronto al loro livello prebellico*. Riv. di Pol. Econ., April, 1923. Pp. 28.
- GURADZE, H. and FREUDENBERG, K. *Das Existenzminimum des geistigen Arbeiters*. Jahrb. f. Nationalök. u. Stat., April, 1923. Pp. 7. Mental workers now receive less than minimum wage necessary for bare existence.

- HOOPER, B. W. *The fantasy of the "living wage."* Nation's Bus., June, 1923. Pp. 3. Chairman of Railroad Labor Board defends refusal of Board to base wage awards on living wage as a minimum.
- HÖST, H. *Tvungen Voldgift: Arbejdsstridigheder: New Zealand og Australien.* Nat. øk. Tids., nos. 3 and 4, 1923. Pp. 15. An account of the operation of compulsory arbitration in New Zealand and Australia.
- HOTCHKISS, W. E. *Industrial relations management.* Harvard Bus. Rev., July, 1923. Pp. 13. The foundations of sound policy.
- HUGGINS, W. L. *The Kansas Industrial Court act as affected by the Wolf Packing Company case.* Law and Labor, Sept., 1923. Pp. 5. Author was formerly presiding justice of the court. Finds that decision of Supreme Court in *Wolf case* does not overthrow the act in vital particulars.
- KRAUSE, L. *Trade union movement in Eastern Europe.* Am. Federationist, July, 1923. Pp. 5.
- LEWISOHN, S. A. *The living wage and the national income.* Pol. Sci. Quart., June, 1923. Pp. 8. Emphasizes that national income sets limit at any particular time to the comfort factor in "living" wage and that higher money wages may lead to increased productivity.
- LESCHOTIER, D. D. I, *Hands and tools of the wheat harvest.* II, *Harvesters and hoboes in the wheat fields.* Survey Graphic, July, Aug., 1923. Pp. 9; 8.
- LOVETT, R. M. *The Farmer Labor fiasco at Chicago.* New Repub., July 18, 1923. Pp. 3.
- NESTLER-TRICOCHE, G. *La journée de huit heures aux Etats-Unis.* Rev. d'Econ. Pol., May-June, 1923. Pp. 9.
- OERSTED, H. C. *Employers' organizations in the northern countries.* Intern. Lab. Rev., Sept., 1923. Pp. 13.
- PIGOU, A. C. *Prices and wages from 1896-1914.* Econ. Jour., June, 1923. Pp. 9. Set-back to real wages in Great Britain was due only in small part, and that indirect, to influx of new gold and resulting price increase, but largely to absorption of capital in war and expansion in number of adult wage-earners.
- POR, O. *The guild movement in Italy.* Intern. Lab. Rev., May, 1923. Pp. 26.
- POTOFKY, J. S. *A close-up on union management.* Am. Labor Mo., May, 1923. Pp. 11. A national officer of the Amalgamated Clothing Workers writes of the administrative system of that union.
- REINHARD, E. *The Swiss workers' education movement.* Intern. Lab. Rev., June, 1923. Pp. 7. Author is secretary of the Swiss Workers' Education Committee.
- ROWNTREE, B. S. *Some necessary steps toward a solution of the unemployment problem.* Pol. Sci. Quart., June, 1923. Pp. 30. Considers various means of regularizing employment; for maintenance of the unemployed, advocates compulsory insurance with contributions from employers, employees, and the state, and with graduated percentages of the normal wage as benefits.
- RYAN, J. A. *Progress of the living wage.* Catholic Charities Rev., Sept., 1923. Pp. 3. A review of progress since 1912.
- SAPOSS, D. J. *Labor banks and labor movement.* Am. Labor Mo., June, 1923. Pp. 4.
- SEARLES, E. and WARRINER, S. D. *The anthracite dispute.* New Repub., Sept. 5, 1923. Pp. 2. The editor of the United Mine Workers' Journal and the chairman of the Anthracite Operators' Policy Committee state the cases of their respective sides.

- SELLS, D. M. *The economic effects of the British trade boards system.* Intern. Lab. Rev., Aug., 1923. Pp. 80. Findings are generally favorable.
- SOULE, G. *The Coal Commission reports.* New Repub., July 25, 1923. Pp. 2.
- STEWART, B. M. *Managing the unions' unemployed.* Am. Lab. Mo., July, 1923. Pp. 7. The system of unemployment administration followed by the Amalgamated Clothing Workers in Chicago.
- TAWNEY, R. H. *British labor looks ahead.* New Repub., Aug. 22, 1923. Pp. 8. Thoughts on the position and tendencies of the Labor party induced by the recent annual conference of the party.
- TAYLOR, J. B. and ZUNG, W. T. *Labour and industry in China.* Intern. Lab. Rev., July, 1923. Pp. 20.
- TURNER, V. B. *Agricultural wage-earners in France.* Mo. Labor Rev., July, 1923. Pp. 13.
- TYSON, F. *Why Mr. Gompers is afraid.* New Repub., Sept. 5, 1923. Pp. 8. Reasons why Mr. Gompers is opposed to "progressive" movements in field of labor.
- WEBB, S. *The Labour party and the Conference.* Empire Rev., Oct., 1923. Pp. 10. Discusses the state of organization of the labor parties in the several countries of the British Empire and what these parties have in common.
- WEISS, D. *An example of arbitration in the San Francisco newspaper publishing industry.* Mo. Labor Rev., Aug., 1923. Pp. 9.
- . *History of arbitration in American newspaper publishing industry.* Mo. Labor Rev., July, 1923. Pp. 19.
- Arbets- och löneförhållanden vid Svenska tobaksmonopolet år 1922.* Soc. Med., no. 5, 1923. Pp. 4. A report on the labor and wage conditions in the Swedish tobacco monopoly enterprise during the year 1922.
- Decisions of the Railroad Labor Board—the Pennsylvania Railroad cases.* Mo. Labor Rev., Aug., 1923. Pp. 8.
- Den nya arbetstidslagen.* Soc. Med., no. 6, 1923. Pp. 8. Discusses the new eight-hour day law which will go into effect in Sweden January 1, 1924, and gives this law in full.
- Kollektivavtal: Sverige år 1922.* Soc. Med., no. 5, 1923. Pp. 7. An account of the employer-labor agreements reported to the labor bureau in Sweden during the year 1922.
- Some modern forms of apprenticeship.* Intern. Lab. Rev., June, 1923. Pp. 8.
- Statens förlikningsmäns verksamhet år 1922.* Soc. Med., no. 6, 1923. Pp. 2. Summarizes the activities of the Swedish government in conciliating labor disputes during the year 1922.
- Sveriges offentliga arbetsförmedling under år 1922.* Soc. Med., no. 8, 1923. Pp. 11. A report on the work of the public employment agencies in Sweden during the year 1922 giving numerous statistical tables.

Money, Prices, Credit, and Banking

(Abstracts by William O. Weyforth)

- AMONN, A. *L. Walras, Theorie des Geldes. Replik.* Archiv f. Socialwis. u. Sozialpol., Band 51, Heft 1, 1923.
- ANDERSON, B. M., JR. *Reserve policy and excess gold.* Jour. Am. Bankers Assoc., Aug., 1923. Federal reserve banks should be making every effort to prevent an expansion of bank credit in this country growing out of our abnormal gold hold-

ings. The discount rate at the federal reserve banks on each type of paper should be higher than the market rate on similar paper.

BELLERBY, J. R. *The controlling factor in trade cycles*. Econ. Jour., Sept., 1923. Control of trade cycles may be effected by regulation of the amount of currency and credit through the movements of the bank rate of interest. International action is desirable. This method may be supplemented by the Fisher scheme of alterations in the gold content of the monetary unit.

BERNIS, F. *A new constitution for the Spanish national banks*. Econ. Jour., June, 1923. Describes provisions of the law of December, 1921.

BOLZONI, C. *Le casse rurali italiane*. Riv. Internaz., June, 1923. Pp. 10.

BONAR, J. *Ricardo's ingot plan (a centenary tribute)*. Econ. Jour., Sept., 1923. A tribute to Ricardo upon the centenary anniversary of his death. Writer sets forth Ricardo's plan, developed during the suspension of specie payments in England between 1797 and 1821, for the redemption of the Bank of England notes in bullion rather than in coin. Writer thinks that this plan may be of some use in winding up the present Treasury notes in England.

BRADFORD, E. A. *Continental currency experience*. Annalist, Aug. 13, 1923. Writer describes his personal experiences in making purchases while traveling through Germany.

BREED, D. L. *The passing of the German paper mark*. Econ. World, Sept. 22, 1923. Reprinted from Commerce Reports, Sept. 3. Prices and contracts in Germany are now being reckoned on a gold basis although actual payments may be made in paper marks. Some loans are being made on a commodity basis, for example, rye and coal.

CHANDLER, H. A. E. *The problem of our excess gold*. Commerce Mo., June, 1923. Advocates setting aside, as a special fund, the gold in this country in excess of its normal proportion of the world's supply. Whenever the outflow of gold for foreign exchange purposes reaches abnormal proportions this special fund can be drawn upon.

CHLEPNER, B. S. *L'évolution du régime bancaire en Belgique*. Rev. de l'Inst. de Sociol., May, July, 1923. Describes the crisis of 1838-1839 and the consequences of the suspension of specie payments by the Bank of England.

DA RE, A. *La moneta internazionale*. L'Economista, April, 1923. Pp. 5.

DAVIDSON, D. *Striden om Sveriges myntfot*. Ek. Tids., no. 4, 1923. Pp. 13. Contribution to the dispute concerning the Swedish post-war monetary basis.

ESTCOURT, R. *Will currency become international?* Annalist, Sept. 17, 1923.

FANXO, M. *Inflazione monetaria e corso dei cambi*. Giorn. d. Econ., May, 1923. Pp. 28.

GANGEMI, L. *Sul credito agrario di Stato*. Rev. Internaz., April, 1923. Pp. 20.

GARRETT, G. *Dangers of inflation*. The Annals, July, 1923. Inflation such as has taken place in Germany destroys the middle class, leaving thereafter three classes—the dynast, such as Stinnes, at the top, the laborer whom he houses, clothes and commands, and the agriculturalist who feeds them both.

GEPHART, W. F. *Inflation in relation to the bank reserve and the business cycle*. Econ. World, June 30, 1923. The limits of credit extension must be under the control of the central bank if it is really to be the custodian of the ultimate banking reserves of the country. The central bank can make a distinct contribution by preventing, through fluctuations in the discount rate, the volume of credit from exceeding sound proportions.

HAHN, A. *Depositenbanken und Spekulationsbanken*. Archiv f. Socialwis. u. Sozialpol., Band 51, Heft 1, 1923. A review of the third edition of Adolf Weber's

book with the above title. Such radical changes have taken place in German banking that a revision of the older editions by means of appendices does not properly explain the present problems of German banking.

HARRINGTON, J. W. *Labor banks and capitalism*. Bankers Mag., Sept., 1923. Conclusion of the whole matter of the formation of labor banks and their contacts with capitalistic banks may be that both labor and capital will each recognize that the other is worthy of its hire.

HART, H. *Gilbart lectures, 1923*. Jour. Inst. Bankers, May, June, 1923. Lectures cover the law of various aspects of banking.

HARVEY, E. *Buying the world's bills: the London discount market and its operations*. Econ. World, Aug. 11, 1923. Advocates keeping the different departments of banking under the control of separate firms and companies. In this way the duties of the issuing house, the accepting house, the deposit banker, and the discount house are carried out in the most successful coöperation.

HAZLEWOOD, C. B. *Federal reserve system tendencies*. Jour. Am. Bankers Assoc., July, 1923. Federal reserve system has in the main accomplished the purposes for which it was established. In the control of credit the system has not functioned as scientifically as it should. Dangers of politics in the system are pointed out.

HOPE, G. A. *Interest on reserve balances*. Jour. Am. Bankers Assoc., Sept., 1923. The free services rendered by the federal reserve system are believed by many to bring greater returns to member banks than the two per cent previously paid on balances. Writer thinks that interest payments by federal reserve banks would tend to bring them into competition with commercial banks.

JAY, P. *The relation of gold imports and exports to the volume of credit*. Econ. World, June 16, 1923. Federal reserve system serves as elastic link in chain of circumstances connecting gold imports and exports with the volume of credit. It relieves to some extent the excessive strains that movements of gold formerly created.

KERSCHAGL, R. L. *Walras, Theorie des Geldes. Eine Entgegnung*. Archiv f. Sozialwis. u. Sozialpol., Band 51, Heft 1, 1923.

LANDAUER, K. *Grenzen und Gefahren der Goldmarkrechnung*. Archiv. f. Sozialwis. u. Sozialpol., Band 51, Heft 1, 1923. Discusses the reasons for the continuation of credit operations in paper marks and the limitations upon reckoning in gold marks.

LANDINI, A. *Le banche popolari cooperative e la riforma del codice di commercio*. Rif. Soc., July-Aug., 1923. Pp. 11.

LAUGHLIN, J. L. *Are prices coming down?* Am. Rev. Rev., Aug., 1923. By analyzing prospective changes in costs of production, writer comes to conclusion that there is no prospect of a fall in prices in the near future.

LEWINSKI, ST. J. *Deflation, devaluation and stabilization as methods for rehabilitating depreciated currencies*. Econ. World, June 2, 1923. Discusses historical precedents and lessons concerning the three methods of currency reform mentioned in the title.

LORIA, A. *"Marshall" sulla circolazione*. Rif. Soc., May-June, 1923. Pp. 7. A review of *Money, Credit, and Commerce*.

MAGEE, J. D. *Historical analogy of the fight against par check collection*. Jour. Pol. Econ., June, 1923. Decisions of the court are quoted in cases which arose out of the activities of the Suffolk Bank of Boston in collecting bank notes at the counters of country banks.

MICHELS, R. *Di alcune critiche mosse all' impiego dell' oro come base della circolazione e di alcuni progetti per la sua sostituzione*. Rif. Soc., July-Aug., 1923. Pp. 13. A consideration of the views of Cassel, Gide, Knapp, Bendixen, Gesell, and Solvay regarding the utility of gold as a basis of circulation.

- . *Considerazioni sulla posizione dell' oro nella circolazione odierna.* Giorn. d. Econ., Sept., 1923. Pp. 13.
- MORTARA, G. *Prospettive monetarie.* Riv. Bancaria, May, 1923. Pp. 14. Tendencies in Italian monetary conditions and policy.
- MURCHISON, C. T. *Par clearance of checks.* No. Carolina Law Rev., Jan., 1923. Discusses the economic and legal aspects of the par clearance controversy. Writer believes that eventual establishment of par clearance is inevitable.
- MÜLLER, K. *Privatbanklorgivningen i de skandinaviske Lande.* Nat. ök. Tids., nos. 3 and 4, 1923. Pp. 11. A survey of private bank legislation in the Scandinavian countries of special importance because of recent banking difficulties.
- PARSONS, M. *The mark at the vanishing point.* Annalist, Sept. 17, 1923. Practically all internal transactions in Germany are now calculated on a gold basis and the paper mark is becoming worthless even as a circulating medium.
- PATON, T. B. *Par clearance decisions.* Jour. Am. Bankers Assoc., July, 1923. Gives opinions of the United States Supreme Court in the North Carolina Statute case and in the Atlanta Bank case in regard to par clearance.
- PATTERSON, E. M. *Why the mark sank.* New Repub., July 4, 1923. Attributes decline of mark to sale abroad to meet reparation and other payments.
- PRATO, G. *Il regime delle banche di emissione in una polemica di settant' anni fa.* Riv. Bancaria, June, 1923. Pp. 8. Cavour and Francesco Ferrara as opponents in an argument about banking policy.
- ROBINSON, L. R. *British banking: foreign policies of the "big five" banks.* Supplement to Commerce Reports, July 2, 1923. Pp. 11. The interest of the "big five" banks in foreign business is largely a development since 1905. It is estimated that at the present time these banks are responsible for at least 30 per cent of the acceptances in London.
- . *Changes in the monetary use of silver since 1914.* Supplement to Commerce Reports, Aug. 27, 1923. Pp. 66. Since 1914 the use of silver for reserve purposes has considerably declined in most countries. As a circulating medium silver has been displaced in many countries by paper or base metal substitutes although China and India, where silver circulation has increased, are important exceptions. There is no ground for belief that silver will soon regain its pre-war relative importance in reserves, in coinage, or in circulation.
- . *Foreign credit facilities in the United Kingdom.* Supplement to Commerce Reports, May 21, 1923. Describes the foreign credit facilities in the United Kingdom as they existed before the war and the special post-war developments. Deals also with the centralizing tendencies in British banking.
- SANDERS, F. K., JR. *Operating expenses in banks and trust companies.* Harvard Bus. Rev., July, 1923. Summarizes the results of a "statistical investigation of operating expenses of banks and trust companies made by the federal reserve agent of the Federal Reserve Bank of Boston for member banks and trust companies in New England.
- SARGENT, H. E. *The new federal reserve regulations.* Jour. Am. Bankers Assoc., Sept., 1923. Describes the new regulations of the Federal Reserve Board, series of 1923. The new rules adopted to make effective provisions of the Agricultural Credits act, passed by the last Congress, from the bulk of the specific changes in the regulations.
- SHEAR, T. L. *The gold of Croesus.* Bankers Mag., June, 1923. Describes the coinage system of Lydia under Croesus. Gold standard was adopted by Croesus about 560 B.C. for purpose of facilitating international trade.
- STUART, V. *Metallic and non-metallic standards of money.* Econ. Jour., June, 1923. Supports the view that a non-metallic monetary system is better fitted

than any metallic system to guarantee that stability in the unit money which it is the aim of every sound system to achieve.

T'ANG, L. L. *The problem of Chinese currency.* *Economica*, June, 1928. Proposals for a gold exchange standard for China are described and criticized. The silver dollar (yuan) provided for by the National Coinage act of 1914 is gaining headway. It may be expected, however, that this measure is only a preliminary to the introduction of the gold basis in China.

TIPPETTS, C. S. *State bank withdrawals from the federal reserve system.* *Am. Econ. Rev.*, Sept., 1928. Pp. 10.

VALGREN, V. N. *The Agricultural Credits act of 1923.* *Am. Econ. Rev.*, Sept., 1928. Pp. 19.

WILLIS, H. P. *How rediscount rates are made.* *Jour. Am. Bankers Assoc.*, June, 1928. Federal reserve system has many theories of rates, largely in conflict with one another. They have represented only tendencies or ideas, considerations of expediency coming in to determine whether one factor or another shall be given an important influence.

———. *Money rates at home and abroad.* *Jour. Am. Bankers Assoc.*, July, 1928. Endeavors to account for differences in money rates in United States and in England. Difficulties in transfer of capital are pointed out. Depression in business in England at present time helps explain lower rates there.

The balance of international payments of the United States in 1922. Supplement to Commerce Reports, Sept. 14, 1923. A careful statistical estimate of the balance of international payments of the United States in 1922 with summaries of estimates for the three preceding years. The net debit balance for 1922, including both visible and invisible items is placed at \$586,000,000.

Chronique de l'inflation. *Jour. des Econ.*, May, 1923. A review by A. S. Noyes of the volume of M. Yves-Guyot, *Les Problèmes de la Déflation*. The proposals of Cassel and Keynes for a devaluation of currencies are attacked. M. Yves-Guyot declares that this policy would be equivalent to a declaration of bankruptcy.

The collapse of the mark as seen in Germany. *Econ. World*, June, 1923. Failure of Cuno government to stabilize the mark was due to continued inflation. Writer discusses decisions of German courts denying right of debtors to pay off old debt in depreciated marks without any allowance for the amount of depreciation.

Currency and world prices. *Bankers' Mag.* (London), July, 1923. Suggests foreign investments for the United States as a means of minimizing the danger of undue inflation in this country resulting from the large influx of gold.

The dollar and the depreciated currencies of Europe. *Econ. World*, Sept. 15, 1923. Reprinted from Federal Reserve Bulletin, Sept., 1923. In the international movement of goods and of funds the trend has been toward the establishment of a common unit of measure, and this unit has largely been the dollar as the only currency that is now firmly on a parity with gold.

The federal reserve banks and the country's present credit and currency requirements. *Econ. World*, May 12, 1923. From Federal Reserve Bulletin, May, 1923. As the limits of the country's available supplies of labor and equipment are approached, credit policy must be increasingly influenced by careful consideration of the continued effectiveness of further additions to the total volume of credit in contributing to increased productivity.

Holdings of securities by national banks. *Commerce Mo.*, Sept., 1923. Shows growth of security holdings of national banks from 1892. The high level of national bank investments in government securities as disclosed in the figures of April 8, 1923, does not seem likely to be maintained.

The progress of banking in Great Britain and Ireland during 1922. *Bankers' Mag.*

(London), June, July, Sept., 1923. Gives statistics of banking developments in England from 1905 to 1922. There was practically no further progress in amalgamation of banks during 1922. Tables showing profits and dividends of English, Scottish, and Irish banks in 1922.

Recent developments in connection with agricultural credit in Great Britain. Econ. World, June 2, 1923. Surveys the agricultural situation in England and the government's agricultural policy during and since the war. Summarizes the recommendations of the Agricultural Credit Committee.

Recent developments in Japanese banking. Federal Reserve Bull., July, 1923. Describes the banking structure in Japan and the developments from 1914 to 1922. Explains also the gold and currency situation during this period.

Silver and the Pittman act. Commerce Mo., July, 1923. Traces the course of the silver market before and since the passage of the Pittman act on April 23, 1918.

Public Finance

(Abstracts by Charles P. Huse)

ANDERSON, W. *Shall the government tax municipal bonds?* Minn. Municipalities, April, 1923.

ARENA, C. *Il disavanzo delle poste e dei servizi elettrici di corrispondenza.* Riv. di Pol. Econ., July-Aug., 1923. Pp. 12. Causes of the current deficits in the Italian postal and telegraphic services.

BARRIOL, A. and BROCHU, I. *Deuxième emprunt 1923 du crédit national.* Jour. des Econ., July, 1923. Pp. 7. Calculates the value of the lottery provisions of the new French loan.

BENNETT, E. L. *Ohio's tax vicissitudes not yet ended.* Nat. Munic. Rev., July, 1923. Pp. 3. The Taft act raises the tax limits imposed by the Smith law.

BONNET, H. *Les dépenses de prestige et les finances publiques.* Réf. Soc., May-June, 1923. Pp. 8. France would enjoy greater prosperity if the number of civil servants were greatly reduced.

CHAPPELL, F. C. *How taxation is crushing British industry.* Annalist, June 18, 1923. Pp. 3. Believes that the resulting high costs place the English manufacturer at a disadvantage in foreign trade.

COMSTOCK, A. *British budget undercurrents.* Annalist, Aug. 20, 1923. Pp. 2. A decrease of almost ten per cent in the appropriations for 1923-4 has made possible substantial reduction in the income tax, the corporation profits tax and the beer tax.

———. *France's fiscal dilemmas.* Annalist, July 30, 1923. Pp. 2. Firm against heavier taxation, France still looks to the reparation payments to cover her deficits.

D'ALVISE, E. *Un po' di luce negli avanzi e disavanzi di bilancio nell'Amministrazione dello Stato.* Riv. Bancaria, May, 1923. Pp. 19.

DE FRANCISCI GERBINO, G. *Sulle applicazioni finanziarie di una proposta di riforma del diritto successorio.* Giorn. d. Econ., Aug., 1923. Pp. 12.

EINAUDI, L. *Di una proposta surrogatoria alla imposta di successione.* Riv. Bancaria, April, 1923. Pp. 14.

GARINO-CANINA, A. *Le "industrie chiavi" e l'elisione dell'onere della protezione nelle produzioni derivate.* Rif. Soc., July-Aug., 1923. Pp. 14.

GARNETT, P. F. *The effect of indirect taxation in making insurance rate high.* Econ. World, Aug. 25, 1923. Deplores not only the high taxation but also the excessive regulation of insurance companies.

- GIBSON, A. H. *Investment values and conversions*. Bankers' Mag. (London), June, 1923. Pp. 18. Traces the price of consols and gives conversion schemes for the last century and a half. Predicts higher prices for consols in the future.
- GOTTLIEB, L. R. *Taxation and war strains*. Annalist, Aug. 27, 1923. Pp. 3. A statistical study of eight leading nations shows that the United States, Great Britain and Japan are the only ones that have secured an equilibrium in their budgets.
- HAIG, R. M. *Tax-exempt securities versus progressive income tax*. Bull. Nat. Tax Assoc., May, 1923. Pp. 6. Because of the limited market for these bonds among the very rich, the government does not recover from a lower interest rate what it loses in taxation.
- HOFFMAN, F. L. *Views on questions of reparations and war debt settlements; the need for a fact-finding commission*. The Annals, July, 1923. Pp. 14. Believes that Germany's ability to pay should be investigated by a commission upon which America should be represented.
- HUDDERS, E. R. *Income tax records and their care*. Administration, June, 1923. Pp. 6. Taxpayers should carefully preserve all evidence supporting their returns.
- JÈZE, C. *Les emprunts à lots*. Rev. de Sci. et de Légis. Finan., April-May-June, 1923. Pp. 61. Given up on moral grounds in Anglo-Saxon countries, the lottery loan has recently been revived in France and has never lost its hold in Austria and Italy.
- KEYNES, J. M. *The German loan delusion*. New Repub., June 13, 1923. Pp. 3. Shows the impossibility of raising the large international loan desired by Germany.
- KUCZYNSKI, R. R. *Reconstruction of the German finances*. Jour. Pol. Econ., Aug., 1923. Pp. 8. Gives the draft of a bill providing for a tax of fifty per cent on property.
- LACHAPELLE, G. *La situation budgétaire*. Rev. d'Econ. Pol., March-April, 1923. Pp. 11. Urges a policy of retrenchment.
- MANN, F. K. *Die Grundformen der Steuerabwehr*. Jahrb. f. Nationalök u. Stat., June, 1923. Pp. 27. Discusses the capitalization and shifting of taxes.
- MANSCHE, R. *La politica doganale degli Stati Uniti (con riguardo alle ultime tariffe)*. Riv. Internaz., Aug., 1923. Pp. 17.
- MORMAN, J. B. *Will there be any relief from high taxes*. Mag. of Wall St., Sept. 15, 1923. Pp. 3. Does not find the outlook encouraging.
- NARAIN, B. *India adopts the protective policy*. Protectionist, Aug., 1923. Pp. 8. Reprinted from *Weltwirtschaftliche Archiv*. Now has a general rate of 15 per cent, with rates of 30 per cent on luxuries.
- PHILIPSEN, G. *Skat og Kommune*. Nat. ök Tids., nos. 3 and 4, 1923. Pp. 21. Discusses the relation of the commune to the state, first in general and secondly as to financial administration.
- RIGHTOR, C. E. *Commentary upon the comparative bonded debt of thirty-six cities as of January 1, 1923*. Nat. Munic. Rev., May, 1923. Pp. 4.
- RIST, C. *Les réparations*. Rev. d'Econ. Pol., March-April, 1923. Pp. 22. Outlines recent developments.
- SEIDMAN, M. L. *Subtleties of "tax exempts"*. Annalist, July 30, 1923. Pp. 2. From the point of view of the taxpayer, tax-exempt bonds bought at a premium are better than the same class of bonds purchased at a discount.
- SHAW, J. R. *Canadian manufacturers demand a higher tariff*. Protectionist, Aug., 1923. Pp. 6. Favors higher rates partly as a means for bargaining and also for protection.

- VERGEOT, J. *Les émissions*. Rev.d'Econ. Pol., March-April, 1923. Pp. 8. A study of the securities, both public and private, absorbed by French investors during recent years.
- VIALATE, A. *Les dettes des Alliés envers les Etats-Unis et l'opinion américaine*. Econ. Franç., July 14, 1923. Pp. 4. Believes the American attitude toward the debt stands in the way of European readjustment.
- VINER, J. *Taxation and changes in price levels*. Jour. Pol. Econ., Aug., 1923. Pp. 27. Considers the effect upon taxpayer and public treasury of variations in the value of money in the case of a number of taxes.
- WILLIAMS, W. M. J. *Le budget britannique 1923-1924*. Jour. des Econ., May, 1923. Pp. 17. Commends the budget which reduces both expenditures and taxes.
- YVES-GUYOT. *Le budget de 1923 au Sénat et son équilibre*. Jour. des Econ., July, 1923. Pp. 26. Outlines the budget and gives the legislative discussions.
- . *Rôle politique de l'impôt sur le revenu*. Jour. des Econ., June, 1923. Pp. 12. Because of great dissatisfaction with the administration of the new income tax, the question is assuming political importance.
- City tax rate bulletin for 1922: a compilation of the city, school and county tax rates effective for 542 cities in Kansas, together with their population, assessed valuation and bonded indebtedness*. League of Kansas Municipalities, April 1, 1923.
- The fallacy of ad valorem wool duties*. Bull. Nat. Assoc. Wool Mnfrs. April, 1923. Pp. 10. Shows why a specific duty is preferable.
- The future of reparations and interallied debts*. Round Table, March, 1923. Pp. 16. Demands that more emphasis be laid on international peace and good-will and less on the collecting of debts.
- Per la riduzione delle tariffe doganale*. Comitato del gruppo liberoscambista italiano. Rif. Soc., May-June, 1923. Pp. 9. Manufacturers are joined with professors in this petition to Parliament asking for tariff reduction.
- The tariff views of a professor of economics*. Bull. Nat. Assoc. Wool Mnfrs., July, 1923. Pp. 19. Takes issue with statements made by Professor Laughlin in the *North American Review* for February.

Population

(Abstracts by A. B. Wolfe.)

- ARIAS, G. *La théorie de la population avant Malthus*. Rev. d'Hist. Econ. et Soc., nos. 3-4, 1922.
- DALTON, H. and GINSBERG, M. *A new contribution to the population problem*. Economica, June, 1923. Pp. 10. A review of Carr-Saunders' *The Population Problem*.
- DAVIS, J. J. *Bootleg immigrants*. Am. Rev. Rev., June, 1923. Pp. 3. Sketch of an alleged organized traffic in smuggling Orientals and other aliens into the country. Explains the difficulties of deportation and advocates registration of aliens.
- DESCAMPS, P. *La natalité et la mortalité chez les demi-sauvages*. Rev. de l'Inst. de Sociol., May, 1923. Pp. 23. Considers the influences, voluntary and otherwise, which keep down the birth-rate and shorten the lives of women among certain semi-savage peoples. Among the non-voluntary factors are types of food and excessive work by the women.
- FEUGÈRE, E. *Les primes à la natalité dans le département de la Seine*. L'Econ. Franç., June 16, 1923. Pp. 2. Outlines results obtained, in the department of the Seine, from the granting of subventions for the birth of children.

- FORSYTH, C. H. *Changes in the longevity of Americans in the last decade.* Science, March 23, 1923.
- DE JASTRZEBSKI, T. T. S. *Changes in the birth-rate and in legitimate fertility in London, 1911-1921.* Jour. Royal Stat. Soc., Jan., 1923. A statistical inquiry into changes in effective fertility in London boroughs. Accompanied by six pages of tables and thirteen pages of discussion.
- JOHNSON, A. *Immigration, a legislative point of view.* Nation's Bus., July, 1923. Pp. 3. Outline of the main provisions of the immigration bill to be presented to the next session of Congress, by the chairman of the House Committee on Immigration.
- KLINE, B. *Shall the immigration bars be lowered?* Am. Rev. Rev., June, 1923. Pp. 3. Takes up "some real causes of labor shortage." Argues against letting down the bars.
- MEARS, E. G. *Financial aspects of American immigration.* Econ. Jour., Sept., 1923. Pp. 11. Interesting suggestions on a neglected phase of the immigration problem.
- MÜLLER, J. *Die Aussichten unserer künftigen Bevölkerungsentwicklung.* Jahrb. f. Nationalök. u. Stat., April, 1923. Pp. 8. Statistics down to and including 1921 show that Germany has recovered neither her pre-war birth-rate nor her pre-war rate of natural increase. Data relate to Bavaria, Wurtemberg, Saxony, Baden and Thuringia.
- NOYES, C. R. *The weather chart of population.* Yale Rev., July, 1923. Pp. 13. High population pressure both in Europe and in Asia and especially in Japan will mean future war for the United States unless the liberal elements in both countries can get together to further a rational population policy.
- ROMER, E. *The population of Poland according to the census of 1921.* Geog. Rev., July, 1923. Pp. 15. A study of population by administrative districts, with special attention to increase and decrease of the Polish population. Incidental revelation of the untrustworthiness of previous population estimates.
- ROODSCHILD, M. H. *Overbevolking en landverhuizing.* De Econ. (Dutch), April, 1923. Pp. 32. Discusses Dutch overpopulation, unemployment and emigration, particularly the possibilities of emigration to France.
- THOMPSON, W. S. *Standards of living as they affect the growth of competing population groups.* Sci. Mo., July, 1923. Holds that in competition between classes with different standards of living something analogous to Gresham's law may be observed to be operative.
- WELLIVER, J. C. *World migrations and American immigration.* Am. Rev. Rev., Aug., 1923. Pp. 7. A popular article on a broad subject.
- WILCOX, W. F. *Population and the World War.* Jour. Am. Stat. Assoc., June, 1923. Pp. 14. An estimate, on the basis of the (incomplete and problematical) data available, of the losses of population directly and indirectly due to the war. Conclusion that the population of Europe has been rapidly decreasing since 1917. Rejection of Pearl's theory of a law of population growth. There is no simple law which can furnish a basis for predicting future population growth.
- WOODBURY, R. M. *Decline in infant mortality in the U. S. birth-registration area, 1916 to 1921.* Am. Jour. of Public Health, May, 1923. Pp. 7. A careful presentation, for the expanding birth-registration area, by cause of death, urban and rural population, and age groups under one year.
- How immigration is shifting.* Indus. Digest, Sept., 1923. Pp. 3. Countries of north and west Europe more nearly filled their quotas in 1922-23 than in 1921-22.
- Mexico som invandningsland.* Soc. Med., no. 3, 1923. Pp. 5. Discusses immigration opportunities in Mexico from point of view of population and of land laws—not favorable.

- Le mouvement de la population de la France en 1922, d'après les registres de l'état civil.* L'Econ. Franç., May 26, 1923. Pp. 8. Continuation of a detailed outline begun in *L'Economiste Française* for May 12, 1923.

Insurance and Pensions

(Abstracts by Henry J. Harris)

- AURIN, F. *Das Reichsknappschaftsgesetz.* Zeit. f. d. ges. Vers.-Wis., Oct., 1923. Pp. 8. Terms of the federal law of June 23, 1923, regulating the mining associations. The greater part of the law relates to miners' mutual insurance associations, covering the field of sickness, old-age, invalidity and salaried employees.
- EHRENBERG, V. *Versicherungssumme und Prozesskosten bei der Haftpflichtversicherung unter Berücksichtigung der Geldentwertung.* Zeit. f. d. ges. Vers.-Wis., Oct., 1923. Pp. 8.
- GILLESPIE, R. S. *The historical development of fire insurance rate making.* Econ. World, July 14, 1923. Pp. 2. The history of rate-making, from Assyria to facts about the Canadian towns of the present.
- GÜNTHER, E. *Die Anpassung der Sozialversicherung an die Geldentwertung und Lohnsteigerung.* Jahrb. f. Nationalök. u. Stat., July, 1923. Pp. 54. In a country with a rapidly depreciating currency, the dues of the insured should be adjusted by a special commission at least once a month.
- HARVEY, P. N. *The scheme of national health insurance considered in relation to the valuations of approved societies as at 31 December, 1918.* Jour. Inst. Actuaries, July, 1923. Pp. 39. Summary and comment on the report of the valuation.
- HENNE, H. *Bruchteilversicherung und Versicherung auf erstes Risiko in der Feuerversicherung.* Zeit. f. d. ges. Vers.-Wis., Oct., 1923. Pp. 9. Advantages of the plan.
- HOBBS, C. W. *The functions of the national council on compensation insurance.* Econ. World, Sept. 22, 1923. Pp. 4. Description of conditions found by the council and its efforts to coöperate in rate making.
- HOFFMAN, F. L. *The mortality experience of American industrial policy-holders, 1916-1920.* Econ. World, Sept. 22, 1923. Pp. 3. Reprinted from *The Spectator*, Sept. 13. Review and comment on the work bearing this title, edited by Louis I. Dublin.
- HUEBNER, S. S. *Export packing in relation to marine insurance.* Econ. World, Aug. 11, 1923. Pp. 2. Ignorance or indifference with respect to proper packing costs marine insurance firms over \$20,000,000 annually. Rates should be adjusted to individual.
- MCCORMACK, P. H. *Damaged lives and options (with discussion).* Jour. Inst. Actuaries, July, 1923. Pp. 27. Development of formulas for various types and options.
- MCLONY, J. R. *Automobile liability insurance from the standpoint of the automobile owner.* Econ. World, July 21, 1923. Pp. 4. The policy is nothing less than a power-of-attorney authorization.
- MOORE, R. F. *Fifty years' progress of life insurance in the South.* Econ. World, June 23, 1923. Pp. 2. By using southern companies the people of that section will have the capital invested in the South.
- RECKZEH, P. *Das Nachuntersuchungswesen bei den Krankenkassen.* Zeit. f. d. ges. Vers.-Wis., Oct., 1923. Pp. 11. Methods used in sick funds in examining beneficiaries after the case has been cured or before sending to institution for residential treatment.
- RIESEL, P. *Entwicklung, gegenwärtige Lage und Zukunft der Baunotversiche-*

- zung. Zeit. f. d. ges. Vers.-Wis.*, 1923. Pp. 6. Recommends use of index numbers of building costs in insuring against loss of buildings through fire.
- RITTER, C. *Von der Seeversicherungs-Klausel "Frei von Beschädigung."* *Zeit. f. d. ges. Vers.-Wis.*, Oct., 1923. Pp. 7. Legislation and decision.
- ROHRBECK, W. *Die Modernisierung der deutschen Privatversicherungs-Aufsichtsgesetzgebung.* *Zeit. f. d. ges. Vers.-Wis.*, Oct., 1923. Pp. 12. The new federal law of July 19, 1923, endeavors to preserve the existence of insurance company by reducing costs, changing the requirements as to investments, permitting modifications in the official supervision, etc.
- RYAN, H. E. *Workmen's compensation in the United States.* *Econ. World*, May 26, 1923. Pp. 4. General points covered by the laws, systems of administration, etc.
- STODDARD, F. R., JR. *The problem of securing uniformity in insurance rate making.* *Econ. World*, Sept., 1923. Pp. 3. Situation of New York state in the fire and compensation fields.
- TAUBER, A. *Ueber Risikowert und Sparwert einer Versicherung.* *Zeit. f. d. ges. Vers.-Wis.*, Oct., 1923. Pp. 5.
- THOMAS, E. C. *Gambling in connection with insurance.* *Econ. World*, Sept. 15, 1923. Pp. 3; 3. Warning against assuming war risks and purchasing foreign securities by the president of the Insurance Institute of the Cape of Good Hope.
- TUCKER, R. H. *Social aspects of workmen's compensation laws.* *So. Atlantic Quart.*, April, 1923. Pp. 13. Traces the development from the liability doctrine to the present compensation system. Its present effects.
- VILLEY, E. *Réflexions sur le projet de loi relatif aux assurances sociales.* *Rev. d'Econ. Pol.*, May-June, 1923. Pp. 9. Sums up objections to the plan of obligatory deductions from earnings.
- WÖRNER, G. *Sachleistung oder Geldleistung als Leistungsprinzip der Sozialversicherung.* *Zeit. f. d. ges. Vers.-Wis.*, Oct., 1923. Pp. 10. Benefits paid in kind already exceed the value of the cash payments in sickness and accident insurance. The former should replace the cash benefits under the régime of depreciating currency.
- Proposed pension ordinance.* *Baltimore Munic. Jour.*, July 13, 1923. Pp. 2. For the city of Baltimore.

Pauperism, Charities, and Relief Measures

(Abstracts by George B. Mangold)

- DRACHSLER, J. *A theory of the Jewish center.* *Jewish Center*, May, 1923. The writer regards the Jewish center as a home for the Jewish community. To it should come the children and the young people to become immersed in the heritage of the Jewish people. The center should also serve to interpret the best in American life and to prepare its patrons for participation in the development of American democracy.
- FEUGERE, E. *L'assistance publique à Paris en 1922-23.* *L'Econ. Franç.*, June, 1923. Pp. 3. An analysis of the philanthropic budget of the city of Paris for the year 1922-23. Particular attention is given to the medical and health problems which the city is trying to meet.
- KENNEDY, W. B. *The Supreme Court and social legislation.* *Catholic Charities Rev.*, June, 1923. Admits that the Supreme Court has been disappointing in its attitude towards social legislation. Opposes, however, the drastic measures for limiting the power of the Supreme Court that have been proposed by radicals. A plan for meeting the situation is to be presented in a later article.
- LEVINGER, RABBI L. J. *The Jewish center and the synagogue.* *Jewish Center*, May, 1923. The author says that in many communities the Jewish center and the

synagogue are actually in competition with each other. He briefly outlines the functions of each and shows how they can dovetail their work so as to supplement each other instead of remaining competitors.

ROSENTHAL, A. W. *Objectives in physical education for the Jewish center*. Jewish Center, May, 1923. The Jewish people need a program of physical education and the various Jewish centers should develop proper plans for the meeting of this need. A typical program is presented by the writer. It is suggested that a national program be developed. This would simplify the problem for the various Jewish centers.

Catholic child-caring standards. Catholic Charities Rev., June, 1923. These standards are presented under four main headings as follows: Foreword; Process of admission; Methods of care, organization and equipment; Discharge, placement, and after-care. The standards recommend the "small group system" of organization for the institutional care of children, and emphasize the individual care of the child.

Statistics

(Abstracts by Bruce D. Mudgett)

BACHI, R. *Per la riforma dell' opera statistica del Ministero delle Finanze e del Tesoro*. Giorn. d. Econ., July, 1923. Pp. 6.

BERRIEN, C. R. *Exaggerated dependence on statistical forecasting as the new superstition in American business*. Econ. World, Sept. 8, 1923. Pp. 2. Reprinted from *Central Union Topics*, Aug., 1923 (club publication of the Central Union Club, the members of which are employees of Central Union Trust Company of New York). A recognition of the pseudo-science that never gets beyond graphs.

BOLDRINI, M. and CROSARA, A. *Sull' azione selettiva della guerra fra gli studenti universitari italiani*. Metron, Jan., 1923. Pp. 14.

BOWLEY, A. L. *The precision of measurements estimated from samples*. Metron, Jan., 1923. Pp. 7.

COHN, E. *Statistik og Nationalökonomi*. Nat. ök. Tids., no. 2, 1923. Pp. 8. Presents the importance of statistics in economic studies, illustrating mainly from the field of value and price.

EDGEWORTH, F. Y. *Index-numbers according to Mr. Walsh*. Econ. Jour., Sept., 1923. Pp. 9. Professor Edgeworth's review of Mr. Walsh's latest book, *The Problem of Estimation*, in which he emphasizes particularly that they differ fundamentally about first principles.

FELD, W. *Die Uebersterblichkeit der unehelichen Säuglinge*. Zeits. f. Schweiz. Stat. u. Volks., Heft 2, 1923. Pp. 25.

FISHER, I. *Professor Young on index numbers*. Quart. Jour. Econ., Aug., 1923. Pp. 13. Professor Fisher's reply to Professor Young's review of *The Making of Index Numbers*. He says in conclusion, "It would seem that such discussions as Professor Young's, Professor Persons', Professor Bowley's, *The Statist's*, and the present article mark the approach of the end, to all intents and purposes, of the age-long controversy over index number formulae."

FISHER, I. and BOWLEY, A. L. *Professor Bowley on index-numbers*. Econ. Jour., June, 1923. Pp. 7. Professors Fisher and Bowley further discuss their differences with reference to the conclusions of *The Making of Index Numbers*, by the former.

FISHER, I. and BOWLEY, A. L. *Statistical tests of agreement between observation and hypothesis*. Economica, June, 1923. Pp. 9. Discussion of differences between Professors Fisher and Bowley on methods of calculating tests of goodness of fit of data to hypotheses.

HOOKESTADT, C. *Reclassification of U. S. 1920 occupation classes by industry*. Mo. Labor Rev., July, 1923. Pp. 14. Tables showing reclassification of employees

into industry groups formulated by International Association of Industrial Accident Boards and Commissions. Description of methods employed and difficulties encountered.

LIENHARD, A. *Zur jüngsten Entwicklung der schweizerischen fabrikmässigen Industrie.* Zeits. f. Schweiz. Stat. u. Volks., Heft 2, 1923. Pp. 8.

MACDONALD, A. *A study of the United States Senate.* Metron, Jan., 1923. Pp. 19.

NATHAN, O. *Ueber die Berechnung von Indexzahlen für die Lebenshaltungskosten (Literaturbericht).* Jahrb. f. Nationalök. u. Stat., June, 1923. Pp. 9.

NYRÖLLE, H. C. *Aegtebørns og Uægtebørns Dødelighed.* Nat. ök. Tids., no. 2, 1923. Pp. 38. A technical, statistical study of mortality rates of legitimate and illegitimate children, with tables, diagrams, and formulas.

PERSONS, W. M. *Correlation of time series.* Jour. Am. Stat. Assoc., June, 1923. Pp. 14. A description of the methods used by the Harvard Committee on Economic Research for eliminating seasonal and secular variation in time series and for comparisons of cyclical variations in different series. The article is part of a forth-coming *Handbook on Mathematical Statistics* to be published by Houghton Mifflin.

PEAU, E. F. *Die Indizierung des Geldwerts in Verträgen.* Zeit. f. Schweiz. Stat. u. Volks., Heft 2, 1923.

DE PIETRI-TONELLI, A. *Le fonti internazionali della statistica commerciale: II, America.* Metron, Jan., 1923. Pp. 31.

SCHENKER, O. *Ueber einige mit der Bevölkerungsstatistik zusammenhängende Begriffe.* Zeits. f. Schweiz. Stat. u. Volks., Heft 2, 1923. Pp. 12.

SNYDER, C. *Fisher's "The Making of Index Numbers."* Am. Econ. Rev., Sept., 1923. Pp. 6. Mr. Snyder summarizes the conclusions of Professor Fisher with reference to selection of the formula for an index number and states his own conclusion that the number of commodities, choice of weights, and accuracy of data are of far greater importance.

TSCHUPROW, A. A. *On the mathematical expectation of the moments of frequency distribution in the case of correlated observations.* Metron, Jan., 1923. Pp. 33.

WATKINS, G. P. *The measurement of concomitance of variation.* Parts I and II. Jour. Am. Stat. Assoc., March, June, 1923. Pp. 11; 18. Author proposes a new method of measuring variability and correlation for time series. Method is based on assumption that relative change and not absolute change is important. Development of coefficients of variability and correlation proceeds through taking chain difference of logarithms of original quantities. The analysis is made without the aid of mathematics and author invites mathematicians and other qualified persons to criticize his thesis or to develop the mathematics of it.

WINKLER, W. *Die Berechnung der Fanglichkeitprozente in der Heeresergänzungstatistik.* Metron, Jan., 1923. Pp. 34. The calculation of percentages of efficiency in statistics of army recruiting.

Bulletin de la statistique générale de la France et du service d'observation des prix. April, 1923. Pp. 112. Includes, in addition to usual statistical summaries, a special study of reeducation of war cripples. July, 1923. In addition to usual statistical data, a special study of the resources and industrial and commercial development of the new Baltic states.

La statistique suisse des causes de décès. Etudes de méthodes. Zeits. f. Schweiz. Stat. u. Volks., Heft 2, 1923. Pp. 5. By the Bureau Fédéral de Statistique.

Purchasing power of the dollar, 1913 to 1923, as computed by the U. S. Bureau of Labor Statistics. Mo. Labor Rev., Sept., 1923. Pp. 8. Purchasing power of the 1913 dollar monthly from 1913 to June, 1923, for the various wholesale commodity groups which the Bureau combines for its wholesale price index, and for bituminous coal, coke and certain building materials.

DOCUMENTS, REPORTS, AND LEGISLATION

Industries and Commerce

The United States Tariff Commission in its Tariff Information Series has issued No. 31: *Census of Dyes and Other Synthetic Organic Chemicals, 1922* (Washington, 1923, pp. 185).

The federal Department of Commerce has issued:

Miscellaneous Series,

No. 99, *Commercial and Industrial Organizations of the United States*, revised edition, March 1, 1923 (Washington, 1923, pp. 225).

No. 118, *Stave Trade in Foreign Countries*, (Lumber Division, 1923, pp. 99).

No. 120, *Directory of Exporters of American Lumber and Wood Products*, (Lumber Division, 1923, pp. 85).

Special Agents Series,

No. 219, *Cotton Goods in British South Africa*, by P. J. Stevenson (1923, pp. 71).

No. 221, *Automotive Markets in China, British Malaya, and Chosen*, by W. T. Irvine (1923, pp. 105).

Special Consular Reports,

No. 85, *Portuguese East Africa: Its Resources, Industries, and Trade*, by S. W. Honaker (1923, pp. 30).

Trade Information Bulletin,

No. 144, *The Balance of International Payments of the United States in 1922* (1923, pp. 25).

The United States Department of Agriculture has published the following:

Bull. No. 1119, *Lumber Cut of the United States, 1870-1920. Declining Production and High Prices as Related to Forest Exhaustion*, by R. V. Reynolds, and A. H. Pierson (Washington, 1923, pp. 62).

Miscellaneous Circular,

No. 11, *Agricultural Coöperation: A Selected and Annotated Reading List with special reference to Purchasing, Marketing, and Credit*, by C. Gardner (pp. 55).

As separates from *Yearbook 1922*,

No. 883, *The Year in Agriculture, Annual Report to the President*, by H. C. Wallace, Secretary of Agriculture (p. 82).

No. 886, *Timber: Mine or Crop?* (pp. 85-180).

Department Circular,

No. 228, *The Live-stock Industry in South America*, by L. B. Burk, and E. Z. Russell (pp. 35).

The following reports of the Fourteenth Census of the United States have been received from the Bureau of the Census:

"Manufactures: 1919"

Chemicals—Sulphuric, Nitric, and Mixed Acids, and Coal-tar Products, together with the Coke and Salt Industries (Washington, 1923, pp. 66).

Clay Products and Allied Industries (pp. 41).

Cordage and Twine, Jute Goods, and Linen Goods; Fur-Felt Hats; Dyeing and Finishing Textiles; Flax and Hemp, Dressed; Haircloth; and Mats and Matting (pp. 25).

Iron and Steel—Blast Furnaces, Ferroalloys, Steel Works and Rolling Mills, Tin Plate and Terneplate, Wire (pp. 58).

Knit Goods (pp. 28).

The Leather Industry (pp. 61).

Shipbuilding, including Boat Building (pp. 21).

Wool Manufactures and Wool Shoddy, Wool Pulling and Wool Scouring (pp. 28).

"Agriculture"

Farm Operators by Age, Number of Years on Farm, and Farm Experience (reprint of ch. VI, vol. V, 1923, pp. 349-476).

Farm Statistics by Race, Nativity, and Sex of Farmer (reprint of ch. V, vol. V, 1923, pp. 293-346).

Selected Farm Expenses, Coöperation, and Farm Facilities (reprint of ch. VIII, vol. V, 1923, pp. 503-514).

Summary of the Census of Agriculture for the United States, 1919 and 1920 (1922, pp. 76).

The Senate Committee on Manufactures has printed the letter from the chairman of the Federal Trade Commission on the *Furniture Industry*, a report of the prices and profits and competitive conditions in the furniture industry and trade (67 Cong., 4 Sess, 1923, pp. 484). This contains charts and in the appendix a large number of statistical tables. In the findings it is noted that furniture manufacturers, after the armistice, reduced their prices more in absolute amount than the decline in the prices of raw materials, relatively more than wages, and both relatively and absolutely more than they reduced their total cost. As to competitive action, the principal manufacturers' associations have restricted competition by means of resolutions tending to concerted price policies, by price comparison meetings, and by the adoption of minimum selling values (prices).

Senate Report No. 1263 (67 Cong., 4 Sess.) deals with *High Cost of Gasoline and Other Petroleum Products*. This is a report submitted by Senator La Follette of the Committee on Manufactures (pp. 70).

The Chamber of Commerce of the United States (Washington) has issued a memorandum on the *Anthracite Coal Situation as of September 1, 1923* (pp. 7).

The latest report of the Special Commission on the Necessaries of Life in Massachusetts, relative to the *Retail Marketing and Distribution of Meat Products, the Conditions affecting the Prices of such Products, and the Establishment and Maintenance of Public Slaughterhouses* has appeared as House Document No. 1130 (Boston, January, 1923, pp. 63).

The Department of Labor and Industries of Massachusetts has issued the *Annual Report on the Statistics of Manufactures, for the Year 1920* (pp. 170), as Public Document No. 86.

Corporations

The Interstate Commerce Commission has just printed the *Thirty-fifth Annual Report of the Statistics of Railways in the United States, for 1921*, together with abstracts of periodical reports for 1922 (Washington 1923, pp. 476).

A valuable document dealing with the question of railroad consolidation has appeared in the form of a report of the Joint New England Railroad Committee to the governors of the New England States. This document is entitled *Rehabilitation by Coöperation, a Railroad Policy for New England*. A supplementary volume contains 23 maps. Copies may be had upon application to the committee members of the respective states. The chairman for Massachusetts is James J. Storrow, 44 State St., Boston.

A pamphlet has been received entitled *The Ben Avon Case*, a series of decisions in the case of Ben Avon Borough et al v. Ohio Valley Water Company, including an opinion by the Supreme Court of the United States. This series of cases bears upon the question of the rights of investors in public utility enterprises. The pamphlet is printed for distribution by A. C. Hopson, 61 Broadway, New York (pp. 161).

The following public utility reports have been received:

Twenty-sixth Annual Report of the Railroad Commission of Florida, for the Year Ending February 28, 1923 (Tallahassee, pp. 320).

Report of the Public Utilities Commission of Ohio for 1922 (Columbus, 1923, pp. 342).

Labor

The Bureau of Labor Statistics of the United States Department of Labor has issued:

No. 315, *Retail Prices 1913 to December, 1921* (Washington, January, 1923, pp. 225).

No. 328, *Wages and Hours of Labor in the Hosiery and Underwear Industry 1922* (May, 1923, pp. 38).

No. 330, *Labor Legislation of 1922* (May, 1923, pp. 102).

No. 332, *Workmen's Compensation Legislation of the United States and Canada, 1920 to 1922*, by L. D. Clark (June, 1923, pp. 260).

No. 333, *Proceedings of the Ninth Annual Meeting of the International Association of Industrial Accident Boards and Commissions* (May, 1923, pp. 336).

No. 334, *Retail Prices, 1913 to December 1922* (June, 1923, pp. 224).

No. 335, *Wholesale Prices, 1890 to 1922* (June, 1923, pp. 234).

No. 339, *Statistics of Industrial Accidents in the United States*, by L. W. Chaney (June, 1923, pp. 60).

No. 340, *Chinese Migrations, with special reference to Labor Conditions*, by Ta Chen (July, 1923, pp. 237).

No. 342, *International Seamen's Union of America, a Study of Its History and Problems*, by A. E. Albrecht (June, 1923, pp. 120).

No. 845, *Wages and Hours of Labor in Cotton-goods Manufacturing 1922* (August, 1923, pp. 27).

The Children's Bureau of the federal Department of Labor has issued: Legal Chart No. 3, *Public Aid to Children in Their Own Homes, a Tabular Summary of State Laws in Effect November 1, 1922*, by L. L. Eckman (pp. 28).

Child Labor: Outlines for Study, revised edition of Bureau Publication No. 98 (Washington, 1923, pp. 63).

No. 106, *Child Labor and the Welfare of Children in an Anthracite Coal-mining District* (1922, pp. 94).

No. 117, *The Welfare of Children in Bituminous Coal-mining Communities in West Virginia*, by N. P. McGill (1923, pp. 77).

No. 118, *Standards of Public Aid to Children in Their Own Homes*, by F. Nesbitt (1923, pp. 145).

No. 120, *Maternity and Infant Care in a Mountain County in Georgia*, by G. Steele (1923, pp. 58).

No. 121, *Juvenile-Court Standards* (1923, pp. 10).

Bulletins of the Women's Bureau received:

No. 29, *Women in Kentucky Industries, a Study of Hours, Wages, and Working Conditions* (1923, pp. 114).

No. 30, *The Share of Wage-Earning Women in Family Support* (1923, pp. 170).

No. 31, *What Industry Means to Women Workers*, by M. Van Kleek (1923, pp. 10).

Cyclostyled reports have been received from the United States Coal Commission, Washington, under date of July 5, (pp. 46); August 8, dealing more especially with labor relations in the anthracite industry, by a committee composed of H. S. Dennison, W. E. Hotchkiss, and J. H. Willits (pp. 84); September 8, (pp. 12); September 12 (pp. 18); September 13 (pp. 5); September 17 (pp. 77); September 18 (pp. 3); September 20 (pp. 42); September 21 (pp. 5); September 22 (pp. 5); September 22 (pp. 14); and October 3. The last mentioned deals with the earnings of bituminous mine workers in 1921.

The following documents were submitted by the Bituminous Operators' Special Committee, (Southern Building, Washington) to the United States Coal Commission during August and September, 1923: *Statement by the Somerset County Coal Operators' Association* (pp. 24); *The United Mine Workers in West Virginia* (pp. 97); *Comparative Efficiency of Labor in the Bituminous Coal Industry under Union and Non-union Operation* (pp. 281); *The Company Town* (pp. 43); *Monthly and Daily Earnings of Bituminous Coal Miners* (pp. 19); *Memorandum on the Influence of Labor Cost on the Prices of Bituminous Coal* (pp. 88). The Southern Wyoming Coal Operators Association (Rock Springs) also submitted a *Statement* to the United States Coal Commission under date of September 7 (pp. 6).

The General Policies Committee of Anthracite Operators (437 Chestnut St., Philadelphia) during the summer has issued a number of memoranda in

regard to various aspects of the coal industry. Among these may be noted *Competition in the Anthracite Industry; The Check-off or No Anthracite; Summary and Recommendations as to Industrial Relations in the Anthracite Fields.*

The following state reports have been received:

Fifth Annual Report of the Minimum Wage Board of the District of Columbia, for 1922 (Washington, 1923, pp. 35).

Twentieth Biennial Report of the Bureau of Labor Statistics of California 1921-1922 (Sacramento, 1923, pp. 396).

Thirty-first Annual Report of the Commissioner of Labor and Statistics of Maryland, 1922 (Baltimore, 1923, pp. 298).

Annual Report of the Industrial Commissioner of New York State, for 1922 (Albany, Dept. of Labor, 1923, pp. 193).

Report of North Dakota Workmen's Compensation Bureau, Minimum Wage Department, July 1, 1920, to June 30, 1922 (Bismarck, 1923, pp. 60).

Seventh Biennial Report of the Bureau of Labor Statistics of Texas, 1921-1922 (Austin, pp. 77).

Sixteenth Biennial Report of the Bureau of Labor of West Virginia, 1921-1922 (Charleston, 1922, pp. 159).

Biennial Report of the Industrial Commission of Wisconsin, 1920-1922 (Madison, 1923, pp. 62).

The National Industrial Conference Board has issued *Wages, Hours and Employment in American Manufacturing Industries, July, 1914—July, 1923* (New York, Research Report No. 62, pp. 154).

The International Labor Conference has printed questionnaires for consideration at the sixth session, to be held at Geneva, June, 1924. These deal with *Development of Facilities for the Utilization of Workers' Leisure* (pp. 30); *Equality of Treatment for National and Foreign Workers as regards Workmen's Compensation for Accidents* (pp. 29); *Weekly Suspension of Work for Twenty-four Hours in Glass-manufacturing Processes where Tank Furnaces are Used* (pp. 24); *Night Work in Bakeries* (pp. 38).

The National Association of Manufacturers has issued a pamphlet entitled *Evidence in the Case for the Open Shop* (New York, 50 Church St., pp. 16).

The New York State Department of Labor has for distribution *Proceedings of the Sixth Annual Industrial Conference of the State of New York*. This conference was held in Buffalo, November, 1922 (Albany, 1923, pp. 188). The department has also issued a new edition of the *New York State Labor Law with Amendments, Additions and Annotations to August 1, 1923* (pp. 142); *Court Decisions on Workmen's Compensation Law, July, 1921—April, 1923* (pp. 239); *New York Labor Laws Enacted in 1923* (July, 1923, pp. 55); *Miscellaneous Labor Laws with Amendments, Additions, and Annotations to Aug. 1, 1923* (pp. 169).

The Industrial Welfare Commission of California has issued a prelim-

inary report on *What California does to Protect Its Women Workers* (Sacramento, 1923, pp. 12).

Money, Prices, Credit, and Banking

ANOTHER PHASE OF THE BRANCH-BANKING CONTROVERSY.—PROFESSOR Gephart's article in the December, 1922, *AMERICAN ECONOMIC REVIEW*, entitled "The Present Branch Banking Controversy," adequately covers the situation so far as it applies to branches of national banks in the cities.

It does not attempt, however, to discuss the recent extensive growth of state-wide branch banking in such states as California. This condition is local to individual states and various causes are responsible for it.

This growth has been so rapid since 1919 that a word might be said in regard to certain provisions of the state laws which would seem to be in part responsible for the unusual growth.

For example, the California Bank act, section 19,¹ requires that state banks shall adjust their capital and surplus to a growing business in inverse proportion to the deposit liability, after passing certain minima. The larger the amount of the deposits, the smaller is the additional required amount of capital and surplus. For example, if a bank has \$200,000 capital and surplus, it may accept a deposit business up to \$2,000,000. By increasing its capital and surplus to \$425,000, it may take \$5,000,000 in deposits; and by increasing capital and surplus to \$1,000,000, it is possible for the bank to develop its deposit liability up to \$16,500,000. The ten per cent capital protection in the first instance, shrinks to 8.5 per cent in the second, and to 6.06 per cent in the third.

Large-scale banking is thus distinctly favored under the law, and since large-scale banking is most easily developed by the establishment of

¹California Bank act, approved March 1, 1909, amended and approved June 3, 1921. *California Statutes, 1921*, p. 1368. The section referring to capital and surplus reads as follows:

Sec. 19: The aggregate of paid-up capital together with the surplus, of every commercial bank, must equal the following percentages of its deposit liabilities:

- (a) Ten per centum of any amount up to and including two million dollars.
 - (b) Seven and one-half per centum of any amount in excess of two million dollars up to and including five million dollars.
 - (c) Five per centum of any amount in excess of five million dollars.
- The aggregate of paid-up capital together with the surplus of every savings bank having a capital stock, and the reserve fund of every savings bank without a capital stock, must equal the following percentages of its deposit liabilities:
- (d) Ten per centum of any amount up to and including one million dollars.
 - (e) Seven and one-half per centum of any amount in excess of one million dollars up to and including three million dollars.
 - (f) Five per centum of any amount in excess of three million dollars up to and including ten million dollars.
 - (g) Two and one-half per centum of any amount in excess of ten million dollars up to and including twenty-five million dollars.
 - (h) One per centum of any amount in excess of twenty-five million dollars.

The deposits shall not be increased if such proportion of paid-up capital and surplus or reserve fund to deposit liabilities is not maintained, and in no event shall said paid-up capital be less than the minimum paid-up capital provided by this act; *provided*, that such deposit liabilities shall be exclusive of United States and postal savings deposits and deposits of the State of California and of any county and municipality in the State of California which are secured as required by law.

branches in a state where the population is rather widely scattered, it is at once apparent that such laws favor branch banking. Of all branch banks, neighborhood branches in outlying sections of the large cities are perhaps the easiest to bring into existence.

The wide discrepancy in the capital requirements may be due partly to the fact that percentage figures were used in the act instead of the absolute amounts. When expressed in percentages, the public favoritism involved is less apparent, because the percentage figures are all small. But figured in dollars as we have just seen them, the matter appears in quite a different light. It is much easier to raise the \$1,000,000 capital, if a business of \$16,500,000 is expected, than the \$1,650,000, and yet one bank doing this much business, can get along with the smaller sum under the law, whereas if eight or nine smaller banks shared the business, they would be compelled to raise the larger amount of capital.

The following illustration of the way in which the law works is quoted from President Whipple's address before the 1922 fall meeting of the California Bankers Association: "If an independent bank, or a bank with branches, should hold \$5,000,000 of commercial deposits, which is the minimum amount of deposits permitted for the minimum percentage of capital and surplus,¹ it would be required to have a capital and surplus of \$425,000. If, however, the \$5,000,000 should be divided into three independent banks, which would then be obliged to operate under the 10 per cent rule, the three banks would be required to maintain an aggregate of capital and surplus of \$500,000, a sum 15 per cent greater than that required for the single or branch bank. The disparity against the smaller bank is even greater when larger figures are used. For example, if the single or branch bank should have \$25,000,000 of commercial deposits, its required aggregate capital and surplus would be \$1,425,000, an average of 5.7 per cent. If the deposits were divided as shown above, there would be twelve or thirteen independent banks with a capitalization of \$2,500,000, a sum 43 per cent greater than that required for the single or branch bank."

If the purpose of capitalization is to afford security to depositors, then this great reduction in the amount of capital required by the state is predicated on the assumption that mere size is in itself a protection.

The opponents of branch banking find much ammunition for their cause in such laws as these. Because of the smaller capital requirement, the large

¹"Social Importance of Branch Banking" by Howard Whipple, President, First National Bank, Turlock, California. The paper appears in full in the *Bankers Magazine* for April, 1923, pp. 638-649.

²The problem arises in banks located in large cities, and hence no mention is made by President Whipple of banks in smaller communities. All banks in California are not required to have a capital of this size. The amounts set by law depend upon population. Capital requirements of newly organized banks are as follows:

- \$ 25,000 capital for population of 5,000 or less.
- 50,000 capital for population of 5,000-25,000.
- 100,000 capital for population of 25,000-100,000.
- 200,000 capital for population of 100,000-200,000.
- 800,000 capital for population of over 200,000.

California Banking act, 1909, section 82, amended June 8, 1921. *California Statutes, 1921*, p. 1408.

institution can establish a competing branch in the same city as its main office, but near an independent bank, and from the very start it will have a decided advantage. \$25,000 capital will start the branch, but it would take \$200,000 to start an independent bank.

The large bank has not this direct capital advantage in California when attempting to establish a new branch in another city. Whatever comes to it is indirect. The new capital must equal the amount called for if an independent bank were to be organized in the same city. One way to avoid even this requirement has been found. The practice has grown in California for large city banks to buy up existing institutions in other cities when a new connection is sought. At times this has supplied the advantage of a lower capitalization than if a new bank had been started, provided the purchased bank were in existence before the passage of the act, since the law did not change all cases of existing capitalization. When the deposit business grows, a change must be made, but by that time the bank is in a stronger position than when opening up.

The disadvantage to the independent banker is said to lie in the fact that the capital of the branch is merged with that of the parent institution, and the total is used for unfair advertising purposes. The combined capital gives an appearance of strength which is actually not present in the branch itself. This advantage to the branch probably lies only in the matter of soliciting new business. While it is important, it may be less significant than the opponents of branch banking would imply.

A more important indictment might be based on the fact that the condition of the local bank is concealed because of the combined statement. Bad investments of the branch would not be reflected in the combined accounts if the main office and other branches had been prosperous. In other words, secrecy becomes possible through combination, and this is regarded as a detriment to sound banking.

H. F. CLARK.

University of Wisconsin.

The Annual Report of the Comptroller of the Currency appears this year in one volume (Washington, 1923, pp. 964).

The Ninth Annual Report of the Federal Reserve Board, covering Operations for the Year 1922 contains not only the report of the Federal Reserve Board, but, in part 2, tables relating to the condition and operation of each federal reserve bank. More detailed information in regard to the latter banks will be found in the annual reports of the respective federal reserve agents, which are published separately.

The Federal Reserve Bank of San Francisco and the Federal Reserve Bank of Richmond have for circulation a *Summary of Provisions of the Agricultural Credits Act of 1923*. This subject is also covered in a leaflet reprinted from the *Federal Reserve Bulletin* of August, 1923.

The testimony of Professor Irving Fisher, reprinted from the *Proceedings* of the Select Standing Committee on Banking and Commerce of the House of Commons of Canada, on Bill No. 83, an Act Respecting Banks

and Banking and on the resolution of Mr. Irvine, M. P., *re* basis, function, and control of financial credit, etc., given April 30 and May 1, 1923, has been printed as a separate pamphlet (pp. 537-58).

Among the annual state reports should be noted:

Sixteenth Biennial Report of the Bank Commissioner of Kansas, for 1922 (Topeka, 1923, pp. 598).

Thirteenth Annual Report of the Bank Commissioner of Maryland, for the Period Ending February 1, 1923 (Baltimore, pp. 169).

Annual Report of the New Jersey Commissioner of Banking and Insurance relative to Building and Loan Associations, June 30, 1922 (Trenton, pp. 181).

Fifteenth Annual Report of the Superintendent of Banks of Oregon, 1922 (Salem, pp. 102).

Sixteenth Annual Report of the Rhode Island Bank Commissioner showing the condition of State Banking Institutions as of June 30, 1923 (Providence, pp. 257).

Report of the Bank Commissioner of Utah for the Period Commencing April 1, 1921 to and including November 30, 1922 (Salt Lake City, pp. 173).

The Bank Commissioner of Wisconsin has published a new edition of the *Banking Law* of that state, revised to September 1, 1922 (pp. 233).

The National Industrial Conference Board has printed, as Research Report no. 63, *Changes in the Cost of Living, July, 1914—July, 1923* (New York, pp. 36).

Public Finance

The federal Bureau of Internal Revenue has made a statement of *Internal Revenue Collections, Fiscal Year 1923* (Washington, 1923, pp. 11).

The Report of the New York Special Joint Committee on Taxation and Retrenchment, Submitted February 1, 1923, has appeared as Legislative Document (1923) no. 55 (Albany, pp. 310). This is a substantial volume containing chapters on organization of county, town, and village government, justice, welfare, local tax administration, highway administration, financial planning and control, printing, personnel administration, and statistics. Special advisers of this committee were Professors Seligman, Haig, and Fairchild.

The University of Illinois has issued a small leaflet entitled *Our Taxes*. This shows how much of the taxes went to the state, to local, county, school, bridge, and other purposes. The circular was printed during the meetings of the last legislature to show the need of the university for increased funds.

The New York Tax Reform Association has printed a memorandum on *Tax Legislation, State of New York, 1923* (2 East Twenty-third St., New York).

State Reports dealing with taxes have appeared as follows:

Fourth Annual Report of the Tax Commission of Illinois, for 1922 (Springfield, pp. 339).

Sixth Annual Report of the Louisiana Tax Commission, 1922 (Baton Rouge, 1923, pp. 286). This commission was formerly the Board of State Affairs.

Eighth Biennial Report of the Minnesota Tax Commission of Minnesota (St. Paul, 1922, pp. 435).

Third Biennial Report of the State Tax Commission of Missouri, 1921-1922 (Jefferson City, pp. 98).

Biennial Report of the Nevada Tax Commission, 1921-22 (Carson City, 1923, pp. 62).

Thirteenth Annual Report of the Tax Commissioner of Texas, for 1922 (Austin, pp. 146).

Insurance and Workmen's Compensation .

Under state reports dealing with workmen's compensation are to be noted:

First Annual Report of the Industrial Commission administering the Georgia Workmen's Compensation Act for 1921 (Atlanta, pp. 21).

Annual Report of the Workmen's Compensation Board of Kentucky, 1921-1922 (Frankfort, pp. 39).

Workmen's Compensation Law of New York State with Amendments, Additions, and Annotations to August 1, 1923 (Albany, pp. 117).

Seventh Report of the Workmen's Compensation Department of Wyoming, for 1922 (Cheyenne, pp. 139).

Statistics

Besides those mentioned under the section dealing with Industries and Commerce, the following reprints from Fourteenth Census Reports, vol. II, have been received under caption "Population: 1920":

Citizenship of the Foreign-born Population (Washington, 1923, ch. VIII, pp. 800-888).

Country of Birth of the Foreign-born Population (1923, ch. VI, pp. 687-774).

Country of Origin of the Foreign White Stock (1923, ch. IX, pp. 891-963).

Mother Tongue of the Foreign White Stock (1923, ch. X, pp. 967-1037).

School Attendance (1923, ch. XI, pp. 1040-1142).

State of Birth of the Native Population (1922, ch. V, pp. 606-684).

Year of Immigration of the Foreign-born Population (1922, ch. VII, pp. 776-797).

NOTES

The annual meeting of the AMERICAN ECONOMIC ASSOCIATION will be held in Washington, D. C., December 27-29, with headquarters at the New Willard Hotel. The meeting will open with a joint session with the American Statistical Association and American Farm Economic Association on Thursday morning, December 27, with papers on "The outlook for 1924-25 in the United States," by Charles O. Hardy, Louis G. Michael, and W. H. Dean; and will be continued in the early afternoon with papers on "The Outlook for 1924-25 in Europe," by Joseph S. Davis, and H. C. Campbell. The second session will be devoted to papers on "International trade and commercial policy," by Chauncey D. Snow, Henry Chalmers, and George W. Edwards. At the evening session U. G. Weatherly, of the American Sociological Society, and Carl C. Plehn, of the American Economic Association, will deliver their presidential addresses. A smoker will follow. On Friday morning and afternoon papers on "Railroad consolidation" will be presented by W. M. Daniels, William Z. Ripley, A. J. County, and Lewis H. Haney. In the evening Julius H. Barnes will deliver an address on the subject, "Production and the pursuit of happiness," with a smoker to follow. The morning session on Saturday will be devoted to papers on "Economic theory," by Z. C. Dickinson, Ludwig Kotany, and others. Round Table discussions on Transportation, American Foreign Trade, Economic Theory, Marketing, Labor, and Accounting will be held in the early afternoon, followed by a business meeting.

More detailed information in reference to topics and speakers will be given in the preliminary announcement distributed by the Secretary of the AMERICAN ECONOMIC ASSOCIATION. Arrangements have been made with the railway officials for reduced fares for members attending the annual meeting, provided the required number (250) present certificates. .

The following associations will also meet in Washington at the same time: American Statistical Association, American Farm Economic Association, American Sociological Society, and American Association for Labor Legislation.

The following names have been added to the membership of the AMERICAN ECONOMIC ASSOCIATION since the first of August:

Armstrong, F. A., Institute of Economics, 26 Jackson Place, Washington, D. C.
Atkinson, H. G., 19 S. LaSalle St., Educational Section, Chicago, Ill.
Burdick, R. T., Colorado Agricultural College, Fort Collins, Col.
Caruba, R., 955 Broad St., Newark, N. J.
Chandler, R. A., Sylvania, Ohio.
Cheng, D. L., 4325 10th Ave., N. E., Seattle, Wash.
Clark, E. S., 703 Park Ave., Beloit, Wis.
Cooper, P. P., Box 527, University of Kentucky, Lexington, Ky.
Cunningham, J. B., Houghton, Mich.
Daines, H. C., University of Chicago, Chicago, Ill.
Fetter, F. W., Conant Hall, Harvard University, Cambridge, Mass.
Fink, C. W., 1493 Michigan Ave., Columbus, Ohio.
Foster, B., 13 Astor Place, New York City.
Goldstein, R. M., 585 South Broad St., Middletown, Ohio.

Gulick, C. A., Jr., Columbia University, New York City.
Hamilton, T. R., c/o Mr. W. P. Hedden, 11 Broadway, New York City.
Harshaw, E. B., Grove City, Pa.
Hemer, W., P. O. Box 487, Cape Town, So. Africa.
Henry, J. M., Coe College, Cedar Rapids, Iowa.
Hill, J. W., Penton Publishing Co., Cleveland, Ohio.
Howard, C. E., Box 64, Kirksville, Mo.
Hunt, W. D., Box 1520, Wellington, N. Z.
McRaith, M. A., College of St. Thomas, St. Paul, Minn.
Marcuse, I. J., Bedford Pulp & Paper Co., Richmond, Va.
Martin, J. W., University of Chicago, Chicago, Ill.
Morrison, L. A., 44 Jefferson Road, Princeton, N. J.
Morse, M. L., 11 Seaver St., Wellesley Hills, Mass.
Salomon, L. J., 268 Norman Ave., Brooklyn, N. Y.
Smart, L. E., 483 Vermont Place, Columbus, Ohio.
Stevenson, H. W., P. O. Box 506, University, Ala.
Strong, C. M., Boston University, 525 Boylston St., Boston, Mass.
Sweeney, H. W., University of Wisconsin, Madison, Wis.
Taylor, C. C., Blacksburg, Va.
Taylor, K. W., 193 Moira St., Belleville, Ont., Canada.
Walrath, F. J., University of Porto Rico, Mayaguez, Porto Rico.
Watkins, J. B., Roth Apartments, Pullman, Washington.
Woodthorpe, R. A., 776 Cumberland St., Dunedin, N. Z.

The Society for American Field Service Fellowships for French Universities announces a competition for ten fellowships for the purpose of encouraging advance study and research in French universities during 1924-25. Application blanks and further information may be obtained from the secretary, Dr. I. L. Kandel, 525 West 120th St., New York City.

The Institute of International Education (522 Fifth Avenue, New York City) has published a pamphlet descriptive of the various fellowships granted under its auspices. These fellowships and scholarships are offered to American students for study in foreign countries, and to foreign students for study in the United States.

A special meeting of the American Statistical Association was held in New York City, November 2, to consider the general topic, "Phases of business cycle and variations in trade." The following addresses were given: "Interest rates and the business trend," by W. M. Persons; "Employment and output in the business cycle," by W. I. King; "A new index of the volume of trade," by C. Snyder; "Agriculture and the business cycle," by D. Friday; "Bank credit and production," by W. W. Stewart; "Financial factors in forecasting," by L. P. Ayers; "An index of automobile production," by F. L. Hayford.

INTERNATIONAL STATISTICAL INSTITUTE MEETING HELD AT BRUSSELS IN OCTOBER, 1923.—The International Statistical Institute held its fifteenth meeting at Brussels during the first week of October. There were 29 countries represented by 54 members and 69 invited guests. Of the ten American members two attended, A. T. Hadley and W. F. Willcox. Two other Americans, Mr. Edgar Sydenstricker, of the United States Public Health Service, now engaged in the health section of the League of Nations, and Mr. Asher Hobson, an American expert on agricultural statistics assigned to the International Institute of Agriculture at Rome, were present as invited guests.

The main object of the meeting was to discuss and recommend the best methods of gathering and presenting a nation's statistics so as to make comparisons easier between various countries and to secure a better understanding of the international economic situation. The meeting and program were suggested by the League of Nations, and the preliminary studies which were printed and circulated in advance were arranged by a joint committee, half from the League of Nations and half from the Institute. On nearly all points unanimous conclusions were reached before the session ended.

Perhaps the main profit of the meeting, however, lay in the fact that it enabled statisticians to reknit the bonds scientific and social which had been weakened by ten years of separation. The fourteenth meeting had been held at Vienna in 1913 and had adjourned to meet on the invitation of the Belgian government at Brussels in 1915. But the gathering had perforce been postponed through eight years.

Immediately after the war ended there was serious danger that the organization would disband, wrecked on international antagonisms, as the series of International Statistical Congresses which preceded the organization of the Institute in 1885 had been wrecked on the jealousies left in the wake of the Franco-Prussian War. But happily that danger has been averted, and biennial meetings are to be resumed; for the Institute gladly accepted the invitation of Italy and will hold its next meeting at Rome in 1925.

The Institute is limited to 200 regular and 20 honorary members, not more than one fifth to come from any single country. Its members are persons who have achieved distinction in statistics, either administrative or scientific, and thus most of them are government statisticians or teachers of statistics. Owing to the partition of Austria, the eclipse of Russia and Germany, and the participation of four Americans, the part played by the United States in this meeting was greater than that at former sessions. That fact was probably the reason that for the first time an office was filled by a non-European member, W. F. Willcox being chosen as vice-president; a position which carries with it membership on the executive committee or Bureau. Two Americans, also, William M. Stewart, the Director of the Census, and Professor A. A. Young, of Harvard, were elected to membership.

Washington University, St. Louis, has recently established a Graduate School of Economics and Government. The earlier part of the graduate work is held in St. Louis. In order to take advantage of the facilities which Washington, D. C., offers, a residence foundation has been established there for a limited number of students engaged in preparation of theses. This work will be correlated with the research programs of the Institute of Economics and of the Institute for Government Research. Already ten students are at work in Washington under the auspices of the combined institutes. In the academic year 1923-24, thirty fellowships, varying in value, have been provided. The school is at present under the direction of a committee of which Professor Isaac Lippincott, of Washington University, is chairman.

THE HISTORY INQUIRY.—An inquiry into the present content, organization, and tendencies of history teaching in our schools is being made at the request of the Committee on History in the Schools of the American Historical Association. The work is in charge of Professor Edgar Dawson of Hunter College, secretary of the National Council for the Social Studies, under an appointment made in the Division of School Experimentation of the Institute of Educational Research, Teachers College, Columbia University. It will be supervised by a committee appointed under the authority of the officers of the American Historical Association. The Institute of Educational Research will contribute to the investigation expert advice on the conduct of such an investigation and financial aid in getting the work done; but the character of the information to be collected and the organization of it for publication will be in the hands of the committee of historical scholars of which Professor W. E. Lingelbach of the University of Pennsylvania is chairman.

The immediate purpose of the investigation is to furnish to the officers of the American Historical Association such definite information as will guide them in determining the policy of the association in dealing with its obligation to history teaching in the schools. For this purpose the information will be needed before the end of December of this year and the work of collecting it will be vigorously pushed with this purpose in view. But some time after the beginning of the new year will be used in the final formulation of such a report as will be interesting and valuable to all who are engaged in educational administration. Both the investigation and the report will be limited to objective information collected in a scientific spirit for the use of those who are in need of facts in this field. No effort will be made to argue the desirability of one course or method as compared with another. This argument and the formulation of courses of study will be left to those who are to use the facts after the work of investigation is terminated. Those who are interested in such an undertaking are invited to send information, suggestions, or inquiries to Mr. Dawson, 425 West 123rd Street, New York City.

For those who have laid emphasis on the need of information in this field, this inquiry offers an opportunity which should be fully used. An inquiry into the status of history in the schools must necessarily consider, to some extent at least, the status of the other social studies as well. If there are teachers or school administrators who wish to know what is being done in this field, now is the time to send in their requests for definite information in order that it may be secured and supplied to them. While the fullest discussion of the inquiry is solicited, those who are too busy to do more than send to the above address a brief statement of the lines along which investigation should be made are urged to do that at the earliest possible moment.

The work of the Joint Commission for the Presentation of Social Studies in the Schools has been finished and a brief report prepared, entitled *The Distinctive Contributions of History, Economics, Political Science, Sociology, and Geography to a School Curriculum Organized around Social Objectives*. Copies of the report may be had by applying to Professor

L. C. Marshall, of the University of Chicago. The following paragraphs are taken from the section which deals with "The distinctive contribution of economics":

The distinctive contribution of economics to a school curriculum organized around social objectives is the understanding it gives of the processes by which men get a living. A very large part of human activity is devoted to the process of getting a living. One of the most significant things about our world is the fact that nature does not gratuitously supply all, or even many, of the commodities and services desired. In consequence, we "struggle" to get a living; we learn to "economize" (in the broadest sense of that term) in the selection and utilization of effective means of gaining desired ends. These activities are our *economic activities*. They are carried on largely in group life and, even when most individual, are affected by group life. Economics, then, promotes a realization of what it means to live together and an understanding of the conditions essential to living together well, because it helps to explain the organization and functioning of an evolving society from the point of view of the social processes of making a living.

Economics sets forth, for example, certain aspects of our specialization, our interdependence, our associative effort, our technological struggle with nature, our pecuniary organization of the production and sharing of goods, our utilization of labor under the wage system, our market exchange, our international economic relations, our scheme of private property and competitive effort—all of which have become vital parts of our present social organization—and it shows how all of these function in enabling us to work and to live together. Concerning these economic processes, certain generalizations or laws have been worked out and they are available as standards or guides for individuals and for groups.

Living together well in a democracy will be furthered if its people take an intelligent part in the guidance of the process. It is in this connection that it becomes peculiarly important that there should be a widespread knowledge of economic generalizations. Since a large part of our activities are economic activities, problems of competition, combinations of capital and of labor, distribution of income in relation to the common welfare, trade, transportation, and finance (to cite only a few) will always receive a large share of attention by every society which is concerned in restraining, regulating, and promoting economic activities that affect the social welfare. If democracy is to succeed, a large number of its members must learn to form intelligent judgments upon economic issues—to make those wise choices between alternative courses of action which are the real essence of "economy" broadly conceived. They can do this only provided they come to know the general plan or organization of our economic life, and to appreciate the existence and character of economic law in both domestic and international relations.

The "Progress report of the Committee on Political Research" may be found in the *American Political Science Review* for May, 1923, pp. 274-312.

A cyclostyled copy of an address by Dr. Henry C. Taylor, prepared for students of agricultural economics in the summer session at Cornell University, on *Agricultural Forecasting* has been received.

The Institute of Economics, 26 Jackson Place, Washington, D. C., has recently added several new members to its staff. C. L. Benner and E. J. Working, both from the Iowa State College, join the agricultural division. Mr. Benner will specialize on the subject of rural credits, and Mr. Working will assist in the general activities of the division. Dr. Charles O. Hardy, of the University of Iowa, will join the staff of the Institute in January. His especial field will be finance and speculation. Robert Campbell, from the University of Wisconsin, will devote his time primarily to the subject of industry and labor, and Charles S. Morgan, from the Interstate Commerce Commission, to the subject of transportation. Miss Adelaide Hasse, the well-known bibliographer, will assist the Institute in gathering material.

The School of Commerce, Accounts, and Finance of New York University has arranged for a series of lectures on "Problems and policies of international finance, given in the Board of Governor's Room of the New York Stock Exchange. The following is a partial list of topics and speakers: "Present unsettled problems in international finance," by G. E. Roberts; "Credit insurance," by G. R. Meyercord; "Trade financing under present conditions, banker's viewpoint," by G. W. Edwards; "An intelligent terms-of-sale policy," by N. R. Browne; "Government policy toward trade finance," by E. Meyer; "Investment trusts," by G. Jones; "Stock exchange policy toward investment finance," by S. P. Gilbert; "Currency stabilization in relation to American business and banking," by H. P. Willis; "Settlement of interallied debts in relation to American business and banking," by W. Booth; "Settlement of reparations in relation to American business and banking," by P. D. Cravath.

Mrs. Willard Straight has made a gift to Mount Holyoke College to be known as the Straight Fund for Economic and Social Research. Part of this fund has been used for a fellowship in economics. Miss Wilhelmina M. Breed, a graduate of Girton College, Cambridge, has been appointed to the fellowship for the present year. The fund will also support the work of the undergraduate honor students in the department of economics and sociology.

Senator W. B. McKinley has presented to the University of Illinois securities yielding an annual income of \$7,000 for the endowment of a chair in the economics of transportation.

In May of this year the Library Association (Agents: Messrs. Grafton & Co., 7-8 Coptic St., London, W. C. 1) issued the *Subject Index to Periodicals, Division B-E, Historical, Political and Economic Sciences*, price £1 1s. This contains nearly 6000 entries, obtained from the examination of about 400 periodicals.

Lucknow University Sociological Association has begun the publication of the *Indian Sociological Review*. The first number appeared in August (Lucknow Univ., Lucknow, India, 1 rupee, 8 annas.)

The Labor Bureau, Inc. (2 West 43rd St., New York City) is publishing an economic news letter, entitled *Facts for Workers*, a monthly review of current economic facts, interpreted from the point of view of organized labor. This is sold to public libraries and educational institutions at a special rate of \$10 per annum.

The June number of *De Economist* has a series of five articles on Adam Smith, who was born two hundred years ago (June 5, 1723). C. A. V. Stuart writes on "Adam Smith and free trade," D. Van Blom on "Adam Smith preparing the way," H. W. C. Bordewijk on "Adam Smith and banking," A. V. Gijn on "Adam Smith and taxation," and J. C. Kielstra contributes an article on "Adam Smith and the colonies."

The Russian Information Bureau has begun the publication of the *Russian Review*, the first issue of which appeared September 15, and the second, October 1, 1923 (1726 Twenty-first St., N. W., Washington, D. C.)

Appointments and Resignations

Dr. J. B. Andrews, secretary of the American Association for Labor Legislation, was unofficial observer for the President's Conference on Unemployment at the conference of the International Association on Unemployment in Luxembourg, September 9-11. He was elected vice-president of the Association for English-speaking countries. While in Europe, Dr. Andrews made a study of international problems arising as a result of the American Seamen's act, of the reciprocal treatment of wage earners of the various countries under accident compensation laws, and of provisions for the prevention of dust explosions in coal mines, as well as the problem of unemployment.

Professor Charles R. Atkinson, dean of the department of economics at Marquette University, has been appointed associate professor at the University of Washington, College of Business Administration.

Mr. Thomas C. Billig, formerly instructor in economics, has been appointed assistant professor of economics in Washington and Jefferson College.

Dr. R. G. Blakey has returned to the University of Minnesota after a fifteen months' leave of absence spent in Europe.

Professor E. L. Bogart, head of the department of economics at the University of Illinois, has returned to his duties after a year spent in Persia as a member of the American Financial Mission. While there he acted as director of the state bank and of the mint as well as adviser in currency and banking.

Dr. S. J. Brandenburg has been called from the University of Arkansas to the headship of the newly created department of economics and sociology at Clark University. Dr. Brandenburg taught at the University of Texas during the summer session.

Dr. Pembroke H. Brown has been appointed associate in economics at the University of Illinois.

Mr. Carl P. Burch, formerly assistant professor of economics at Oklahoma Agricultural College, has been appointed instructor in the School of Commerce, Accounts and Finance, New York University. Part of his time will be given as assistant in the office of the Graduate School of Business Administration.

Professor Warren B. Catlin has returned to Bowdoin College after a year's leave of absence spent in Great Britain and in research upon the labor problem at Harvard University.

Mr. Elmer S. Clark has been made an instructor in economics at Beloit College.

Professor John R. Commons, professor of economics in the University of Wisconsin, is on leave of absence for the first semester in order to assist in the investigation of the "Pittsburg plus" practice before the Federal Trade Commission.

Mr. H. S. Conklin, Jr., lecturer in insurance at Lafayette College, was

associated this summer with the New York University Life Insurance Training Course in the summer school of the Life Insurance Underwriters' Association of St. Louis.

Mr. J. Earle Conn has been appointed assistant professor of economics at Beloit College.

Mr. Wilfrid H. Crook, of Oxford, England, and Harvard University, has joined the staff of the department of economics at Bowdoin College.

Mr. F. G. Dickinson has resigned from his position at Pennsylvania State College to become instructor in economics at the University of Illinois.

Professor Howard D. Dozier has resigned as professor of economics at Dartmouth College and has taken a position as research expert in the Division of Statistics, Treasury Department, Washington.

Professor Garrett Droppers has retired from the Orin Sage professorship of economics at Williams College and become professor emeritus.

Dr. George W. Edwards, formerly assistant professor of banking at Columbia University, has been appointed professor of banking at New York University. He will devote the major portion of his time to work in the financial district in connection with the Wall Street Division of the School of Commerce and the Graduate School of Business Administration.

Dr. Paul A. Eke, who was formerly at the University of Wisconsin, has been made instructor in agricultural economics at the University of Illinois.

Miss Clara Eliot has been appointed instructor in economics at Barnard College.

Professor Henry P. Fairchild, professor of social economy in New York University School of Commerce, was granted a leave of absence for the fall term and spent his time in Europe on a special study of immigration problems for the government.

Mr. E. I. Fjeld, formerly instructor in the University of Illinois, has been called to the University of Colorado, where he will serve as assistant professor of accounting in the School of Business Administration.

Mr. H. M. Fletcher, who was formerly instructor in economics at Leland Stanford University, has resigned his position and has accepted a similar appointment at the University of Illinois.

Professor A. M. Fox, formerly lecturer in the School of Business Administration, College of the City of New York, and sometime assistant to the General Valuation Counsel of the New York Central Lines and Examiner of the Michigan State Tax Commission, is now engaged on the sugar investigation being conducted by the United States Tariff Commission. He spent two months this summer in the Hawaiian Islands in connection with this work. He has also been occupied with collection of data pertaining to that portion of the Cuban sugar industry which is controlled by American interests.

Dr. David Friday resigned the presidency of the Michigan Agricultural College on June 1, 1928. He has been appointed professor of economics

at the New School for Social Research in New York City. He is also acting as director of research of the National Transportation Institute.

Professor F. B. Garver, of the University of Minnesota, has been serving as a consulting economist in the formulation of the case of several middle-western states in the "Pittsburgh plus" controversy.

Professor Alberto A. Giesecke has resigned the presidency of the State University of Cuzco (Peru), and is now in Lima in charge of examinations and courses of study of all elementary, secondary and normal schools in the Peruvian Republic.

Mr. P. D. Godfrey, who has been assistant in the department of economics of the University of California the past year, has gone to Southeastern College, Durant, Oklahoma, as associate professor of economics.

Dr. F. A. Golder, formerly of the State College of Washington, has returned after two years with the American Relief Expedition in Russia to take up the work in history in Stanford University.

Mr. Albert O. Greef has been appointed instructor in economics at Williams College.

Dr. Barton Griffiss is now assistant professor of economics at the University of South Dakota.

Professor Walton H. Hamilton, formerly of the department of economics at Amherst College, is associated with the Institute of Economics, at Washington, and has joined the staff of the new Graduate School of Economics and Government of Washington University, St. Louis.

Associate Professor Alvin H. Hansen, of the University of Minnesota, has been promoted to a full professorship.

Mr. Milton Heath has been appointed instructor in economics at Tufts College.

Professor Edith Hess, formerly a member of the teaching staff in the department of economics at Ottawa University, Ottawa, Kansas, is now head of the commercial department of the State Normal School, Mayville, N. Dak.

Dr. J. T. Holdsworth, formerly with the Bank of Pittsburgh N. A., has been appointed President of the Pennsylvania Joint Stock Land Bank of Philadelphia.

Mr. J. Hugh Jackson, who has been associated with Price, Waterhouse & Company, New York, has been elected professor of accounting in the Graduate School of Business Administration, Harvard University. Mr. Jackson will also continue his affiliations in New York, doing special research in the Price-Waterhouse organization.

Dr. George M. Janes, professor of economics at Washington and Jefferson College, taught at the summer session of the University of Virginia.

Dr. Jeremiah W. Jenks, research professor at New York University, will be in Europe for four or five months studying finance and banking problems. His work will take him to France, Germany, and probably to Russia and some of the smaller states of central Europe.

Professor Harry Jerome, assistant professor of economics at the University of Wisconsin, has a year's leave of absence and is working with the National Bureau of Economic Research in New York City.

Mr. Glenn R. Johnson, formerly of Bowdoin College, is now with the State College for Women at Greensboro, North Carolina.

Mr. C. E. Landon has been made instructor in economics at the University of Illinois.

Professor Howard T. Lewis is to succeed Professor Stephen I. Miller as dean of the College of Business Administration at the University of Washington.

Mr. Leverett S. Lyon, of the University of Chicago, has been appointed this year as dean of the School of Commerce and Finance of Washington University, St. Louis.

Professor David A. McCabe, of Princeton University, was granted a leave of absence for the first term of the present academic year.

Mr. J. A. McDonald, formerly of the University of Minnesota, has been appointed an instructor in the department of economics at Dartmouth College.

Mr. C. H. Merchant is now in charge of the courses in marketing at the State College of Agriculture, Logan, Utah.

Professor Edward V. Miller, formerly of the University of Chicago, has been made head of the economics department in Wooster College.

Dr. Harry E. Miller is now assistant professor in the department of economics and sociology at Clark University.

Mr. Stephen I. Miller, Jr. has resigned as dean of the College of Business Administration of the University of Washington to accept a position as National Educational Director of the American Institute of Banking.

Dr. C. W. Mixer of the United States Tariff Commission, has been placed in charge of a specific statistical study of imports and exports to be conducted both in broad outline and in detail. Dr. Mixer's previous connection in Washington was with the staff of the Chamber of Commerce of the United States.

Dr. Bruce D. Mudgett, of the University of Minnesota, has been promoted from associate professor to a full professorship.

Mr. Edward Mullins, who came to the United States Tariff Commission from the Harvard Graduate School of Business Administration, is acting as assistant to Dr. Turner and Dr. Mixer.

Mr. John J. Murray has been appointed an instructor in the department of economics, College of Business Administration, Boston University.

Dr. Walter R. Myers, of the department of finance at the University of Minnesota, has been promoted to an assistant professorship.

Dr. E. F. Nickoley, professor of economics and formerly acting president at the American University in Beyrouth, Syria, is spending a year's leave of absence at the University of Illinois, where he is giving several courses.

Dr. L. J. Norton has resigned his position as assistant professor in agricultural economics at Cornell University to accept a similar position at the University of Illinois.

Dr. E. G. Nourse, formerly of Iowa State College, is now with the Institute of Economics at Washington.

Dr. Carl E. Parry has been appointed specialist in future trading, U. S. Department of Agriculture, with headquarters at Washington. He is making a study of the workings of the grain futures markets, especially the Chicago Board of Trade, with particular reference to their price-making and other economic functions. The basis for this study was laid by the Grain Futures act, 1922, which requires the members of the exchanges to keep complete records of trading in futures and to make these available to authorized representatives of the Secretary of Agriculture.

Mr. E. G. Plowman, a former instructor at Massachusetts Institute of Technology, has been appointed an instructor in the department of economics, College of Business Administration, Boston University.

Professor Harold L. Reed has resigned the position of professor of banking and finance at Washington University and is now professor of economics and finance at Cornell University.

Professor M. H. Robinson, of the University of Illinois, taught in the summer session of the University of California.

Professor I. L. Sharfman, of the University of Michigan, is on leave of absence during the current academic year, directing an investigation of anti-trust policy for the National Industrial Conference Board. Associated with him in this investigation are Professor Myron W. Watkins, of the University of Missouri, also on a year's leave; Dr. Hermon K. Murphey, formerly instructor in economics in the Carnegie Institute of Technology; Mr. George W. Stocking, formerly assistant professor of economics in the University of Vermont and Mr. Harwood L. Childs, until recently assistant professor of economics at Syracuse University.

Mr. W. J. Shepard, of Ohio State University, is now on the faculty of the Graduate School of Economics and Government, Washington University, St. Louis.

Professor Earle S. Sparks, of Tufts College, has been made acting head of the department of economics at that institution, with the title of assistant professor.

Mr. J. Warren Stehman, assistant professor of business finance in the University of Minnesota, has been promoted to an associate professorship.

Mr. R. W. Stone, secretary of the College of Commerce and associate professor of economics in the University of Iowa, is on leave of absence. He is now serving as assistant chief investigator for the National Industrial Conference Board.

Assistant professor Henry W. Sweeney has left the University of Wisconsin in order to complete his work for the doctorate at Columbia University. He is also doing practical accounting with Lybrand, Ross Brothers,

and Montgomery, and remains connected with the University of Wisconsin as special writer for the Extension Division.

Mr. William S. Swingle, credit manager, Asia Banking Corporation, has been appointed to give a course in banking in the Wall Street Division of New York University, School of Commerce, Accounts and Finance.

Mr. Raymond D. Thomas has been granted two years' leave of absence from the department of economics, State College, Springfield, Missouri. He has been appointed assistant in economics at the University of Wisconsin, where he is doing graduate work in land economics.

Miss Donna Thompson, who has been on leave of absence in England for the last two years, has returned to Mount Holyoke College as assistant professor of economics and sociology.

Professor H. R. Tosdal, of the Graduate School of Business Administration, Harvard University, spent the summer in Europe making connections with writers for the Harvard Business Review.

Dr. Rufus S. Tucker, formerly of Harvard University, is now assistant chief of the Finance and Investment Division, Department of Commerce, Washington.

Professor John R. Turner, chief economist of the United States Tariff Commission, has been granted a leave of absence from New York University for the present academic year.

Professor Roland Snow Vaile, of the University of California, is now in charge of the courses in marketing at the University of Minnesota.

Professor Floyd L. Vaughan, formerly assistant professor of economics at Brown University, has been appointed professor of economics at the University of Oklahoma.

Mr. Frank J. Walrath is in charge of the work in agricultural economics and marketing at the University of Porto Rico, Mayaguez, P. R.

Professor N. A. Weston, of the University of Illinois, taught in the summer session of the University of Southern California.

Professor Harvey A. Wooster has resigned his position at Tufts College to become professor and head of the department of economics at Oberlin College.

Professor Ivan Wright, assistant professor of agricultural economics at the University of Illinois, spent the summer in Washington, where he was employed by the Federal Reserve Board in an investigation of the movement of gold.

Mr. Robert M. Jameson, assistant professor of economics at Boston University, died September 19, 1928.

The American Economic Review

VOLUME XIII

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